FISHER INVESTMENTS AUSTRALASIA®

ENGAGEMENT REPORT
Q4 2022

FISHER INVESTMENTS & FISHER INVESTMENTS AUSTRALASIA

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References to “We”, “our”, “us” and “the firm” in the following engagement report refer to FI.

ENGAGEMENT OVERVIEW

OUR ESG PHILOSOPHY STATEMENT

We believe ESG investors are best served by an investment process that considers both top-down and bottom-up factors. Integrating ESG analysis at the country, sector and stock levels consistent with clients' investment goals and ESG policies maximises the likelihood of achieving desired performance and improving environmental and social conditions worldwide.

OUR ENGAGEMENT APPROACH

We engage companies as part of our fundamental analysis, and to clarify or express concerns regarding potential ESG issues. Through engagement, we meet with management to discuss issues we believe are pertinent to the company or to gain a better understanding of its industry. Information learned from engagement can impact our investment decisions. Further details are provided in our Engagement Policy, which can be downloaded from our website or is available upon request.

HOW WE SOURCE OUR ENGAGEMENT OPPORTUNITIES

Client ESG Priorities	Proprietary Top-Down Assessment of Material ESG issues	Ongoing Portfolio Monitoring	Proxy Voting Activities	Collaborative Engagement Initiatives

EACH ENGAGEMENT IS:

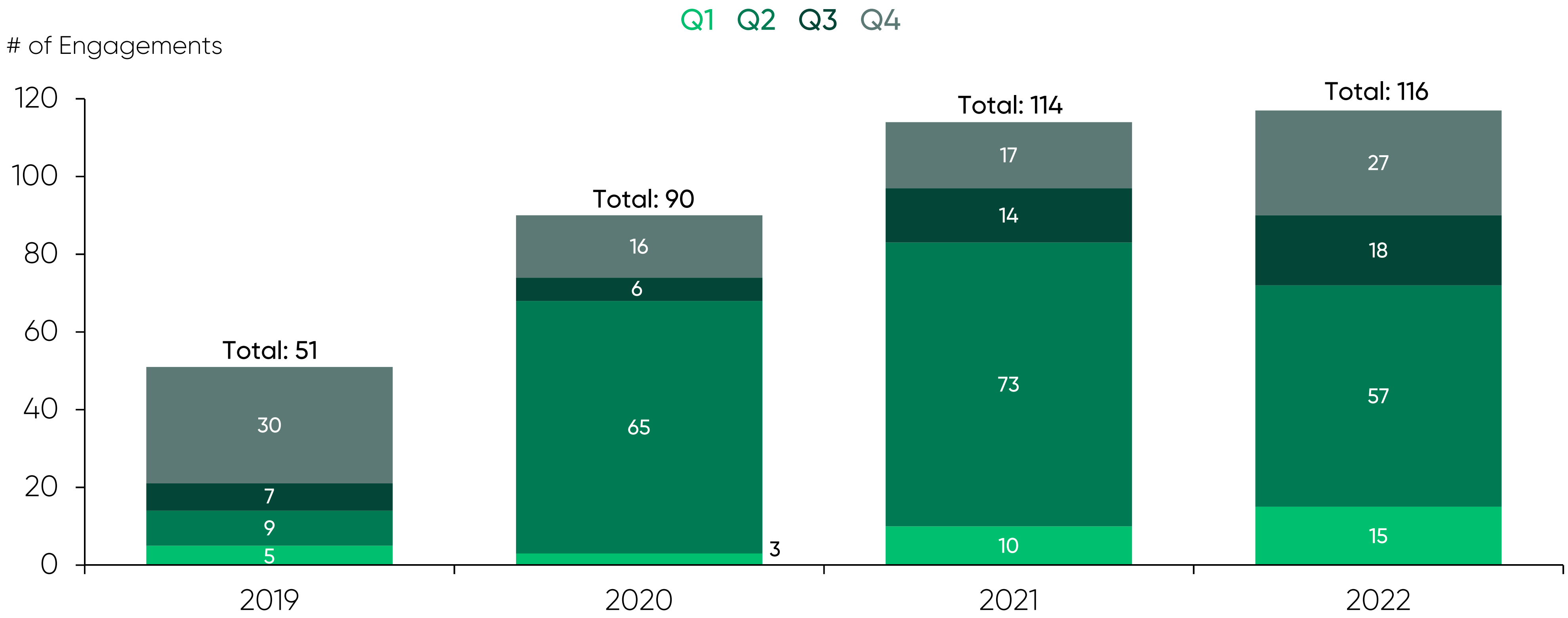
- ✓ Researched by our team: **"What are the relevant risks and opportunities?"**
- ✓ Assigned an objective: **"What are we asking the company to do?"**
- ✓ Supported by a business case: **"Why is it important?"**
- ✓ Monitored over time: **"What milestones are achieved?"**

Q4 2022 ENGAGEMENT HIGHLIGHTS

- **Engagement Milestone:** In a previous meeting with a US medical devices company, FI highlighted that many of its facilities are located in countries that are setting climate targets. The company's own targets were significantly lower, and we suggested the company should be prepared to address the misalignment. Since then, the company set a goal to be carbon neutral by 2030, including Scope 1, Scope 2, and partial Scope 3 science based emissions reduction targets.

- **Engagement Milestone:** FI has been engaging and monitoring a Brazilian mining company for its overall sustainability programs for a few years. In 2019 and 2020, following a dam disaster, FI met with the company to discuss the dam failure and company remediation actions. We sought the company's utmost responsiveness to operational standards and safety and discussed ESG topics including board refreshment, labour management, environmental impact and regulatory risks. We engaged again in 2021 through our service provider. The company's ESG rating was recently upgraded from "CCC" to "B" in November 2022 due to improvements in its corporate governance including a now independent board majority - many with engineering experience.

Year Over Year Engagement Activity, Broken Down by Quarter



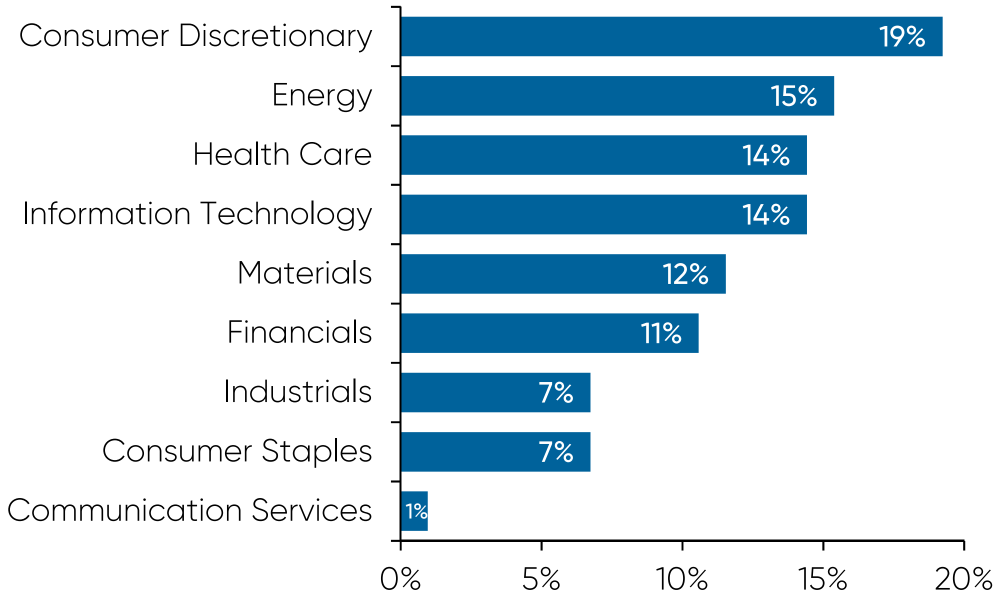
Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries from Q1 2019 – Q4 2022.

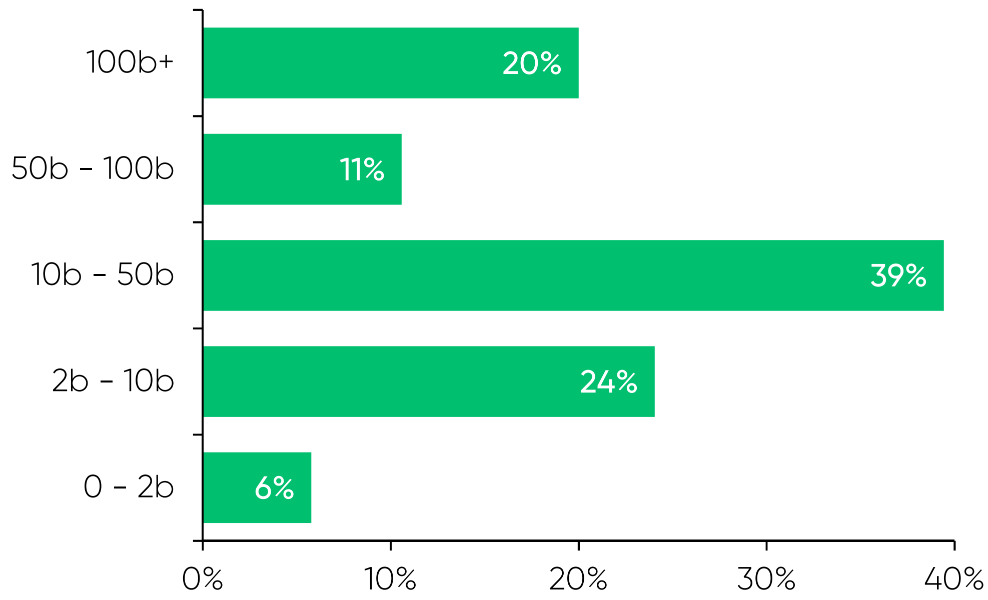
ENGAGEMENT DISTRIBUTION

We engage across a range of geographies and sectors, as shown below.

Domicile of Engaged Companies, Trailing 1 Year as of Q4 2022

Engaged Companies by Sector & Market Cap (USD billions), Trailing 1 Year as of Q4 2022





Source: FI data using Factset domicile, sector, and market capitalisation designations. Percentages above may not add up to 100% due to rounding. Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q4 2022.

ESG ENGAGEMENT FOCUS AREAS

We prioritise multiple issues in each ESG category.

ENVIRONMENTAL

- Climate Change
- Pollution & Toxic Waste
- Water Stewardship
- Biodiversity

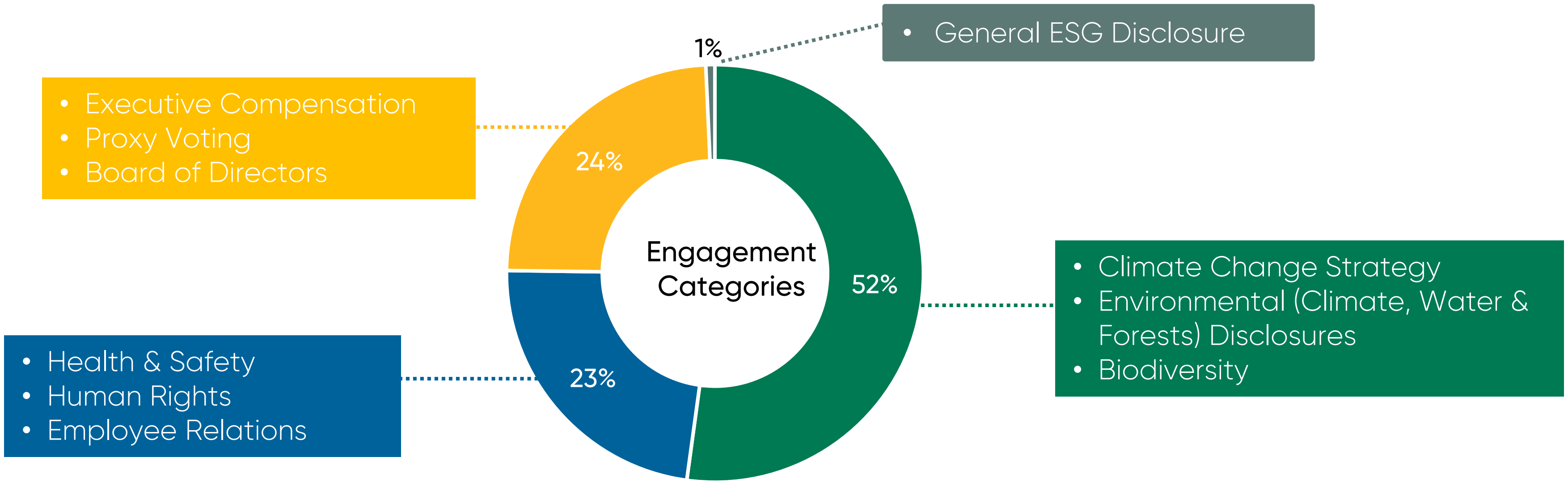
SOCIAL

- Human Rights
- Human Capital
- Labour Relations
- Social Impact

GOVERNANCE

- Executive Compensation
- Board Independence
- Board Diversity
- Proxy Voting

Engagement topics by proportion of the E, S, and G categories as of Q4 2022 (Trailing 1 Year)



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q4 2022. Percentages above may not add up to 100% due to rounding.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

SECTOR:	CONSUMER DISCRETIONARY
TOPIC:	GHG EMISSIONS SUSTAINABLE SOURCING PLASTICS & PACKAGING TRAINING & DEVELOPMENT EXECUTIVE COMPENSATION
STATUS:	ONGOING

OBJECTIVE

Initiate engagement dialogue to discuss the company's overall sustainability strategy, including its climate pledge, sustainable sourcing, employee well-being and executive compensation.

SUMMARY

FI engaged with a Chinese multinational company to understand its climate strategy and learn about programs related to packaging and plastics use, employee well-being and corporate governance.

Climate Change Strategy: In 2021, the company pledged to achieve operational carbon neutrality by 2030 and aims to achieve 1.5 gigatons of decarbonisation across its business ecosystem. The company is utilising electrification and efficiency gains in each business unit, including electrifying both last-mile and long-haul vehicles, installing solar panels and focusing on recycling of packaging and plastics. The company does not have the hub-and-spoke distribution and logistics footprint of Western e-commerce companies. Rather, its platform has a higher proportion of direct sales by third-party sellers that generally provide on-demand and local delivery. In this model, most products are not repacked and a recent program allows customers to hand over any packaging for recycling upon delivery.

Sustainable Sourcing: FI inquired if the company's "Code of Conduct" on labour standards Code of Conduct includes Tier 2 or Tier 3 suppliers. At this time, its Tier-1 supplier base of more than 10,000 firms have to adhere to its code of conduct, including sustainability expectations. The lower tier suppliers need to meet code expectations of Tier 1 suppliers, but the company does not conduct compliance audits.

Human Capital: FI inquired how the company managed the well-being of its critical employee base. The company's overall employee management program begins with 50 hours of new employee onboarding, including team-building activities. Employees are encouraged to share their ideas and thoughts openly, including the use of internal communications systems that foster free dialogue. We recommended disclosure of surveys or other data to highlight the efficacy of the employee well-being programs.

Executive Compensation: We inquired if ESG targets are incorporated in executive compensation metrics. ESG is relatively new in China, and while the company has dedicated more resources and created an internal sustainability committee, it is not in a position to incorporate ESG metrics in the compensation program at this time.

OUTCOME

Ongoing engagement. The company has embarked on an ambitious climate change strategy including a 2030 GHG emissions reduction target. Its Scope 3 emissions reductions rely on decarbonisation of its marketplace and ecosystem partners, which may present challenges. The company's programs on human capital and well-being seem standard and would benefit from additional disclosure of programs and performance. FI will continue to monitor the company's progress and seek another dialogue opportunity in the future.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT

SECTOR:	CONSUMER DISCRETIONARY
TOPIC:	EXECUTIVE COMPENSATION HEALTH & SAFETY REGULATORY ACTIONS
STATUS:	ONGOING

OBJECTIVE
Address governance concerns with executive pay and regulatory fines, improve health and safety conditions in company warehouses.

SUMMARY
Executive Compensation: A US multinational company requested FI's feedback on its executive compensation program. At the 2022 AGM the Advisory Vote on Executive Compensation was supported by just over 50% of shareholders. The company's plan is almost exclusively comprised of long-term restricted stock units (RSU), which means the executives' pay is primarily contingent upon share price appreciation. Overall, the structure makes it is difficult for investors to evaluate whether there is sufficient alignment between pay and performance. We offered several suggestions to enhance the plan's incentives in all market cycles, improve transparency and better align pay with performance. The company thanked us for our feedback.

Health & Safety: The company's warehouses are high-performance, challenging environments. FI's review of health and safety data showed a substantially higher than average rate of injury in its warehouses. The company responded that it believes the injury rate data is artificially inflated due to reporting differences among its competitors. Nevertheless, the company is soliciting employee feedback and is implementing programs to reduce repetitive motion disorders. In our view, there is an opportunity for its new CEO to prioritise reducing injury rates and employee turnover.

Regulatory Actions: Several months ago, a European regulator assessed a large fine for anti-competitive behavior. The company is appealing the fine, which is pending.

In our experience, companies will frequently appeal regulatory fines but also take steps to address underlying business practices in order to reduce the risk of future incidents. The company believes that the regulator erred and that its business practices are lawful. Therefore, the company said no corrective action is necessary.

OUTCOME
Ongoing engagement. We will review the 2023 proxy statement for evidence the company is addressing investor feedback. We believe the company has an opportunity to improve working conditions in its warehouses and will encourage initiatives to reduce injury rates and turnover. Finally, we will continue to monitor the status of the regulatory appeal.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

SECTOR:	INFORMATION TECHNOLOGY
TOPIC:	EXECUTIVE COMPENSATION PROXY VOTING ENVIRONMENTAL OPPORTUNITIES WATER STEWARDSHIP SUPPLY CHAIN LABOUR STANDARDS
STATUS:	CONCLUDED

OBJECTIVE

Initiate engagement dialogue to learn about the company's sustainability initiatives. Provide feedback on proxy proposals and environmental initiatives.

SUMMARY

FI initiated a dialogue with a US materials engineering company to discuss proxy topics and review its environmental initiatives.

Executive Compensation: The company's most recent Advisory Vote on Executive Compensation received approximately 83% vote support. Management explained that the drop was due to the issuance of a large one-time, non-recurring award. The company expects the forthcoming proxy will receive higher investor support based on its more traditional design.

The company also explained why it is not implementing a shareholder proposal that received strong support. The proposal sought to lower the threshold to call a special meeting from 20% to 10%. Although failure to respond to a strong shareholder vote is normally cause for concern, we believe the company's strong corporate governance measures should offer sufficient protection of shareholder rights.

ESG Metrics in Compensation Program: The company has an ESG Scorecard of 2030 goals that comprise 5% of the annual bonus payout. The Scorecard includes a high number of environmental, social and diversity-related metrics. Such a large number of metrics can actually be a disincentive, but the company believes that there is a good balance.

Alternative Energy: The company is on track to meet its target of 100% renewable electricity adoption in its US operations. High electricity prices are an obstacle for many manufacturing companies, but the company's power purchase agreements (contracted to meet its renewable electricity goals) have enabled it to weather current U.S. high-energy costs quite well. Globally, there are regional supply challenges, especially in Asia where reliable renewable supply is constrained. The company has engaged an energy partner to identify opportunities and perform due diligence on what is within the company's control, including opportunities to partner with governments to source renewable electricity.

FI inquired about the status of the company's stated goal of Science Based Target Initiative (SBTi) verification. The company intends to submit its plan regarding SBTi by year-end.

Water Stewardship: The company is not a major user of freshwater unlike the fabricators in the industry. It uses the WRI Aqueduct Tool to map its usage and ensure that site-specific programs are in place for water-stressed regions, and works with customers to reduce their own water use. We recommended the company disclose its water strategy and water goals more clearly to investors.

Clean Technology: Many of the company's customers have made net-zero commitments, and the company has an opportunity to employ efficiency gains. However, the sales impact of efficiency solutions is marginal so it is not discussed in detail in its disclosures.

Supply Chain Labour Standards: FI inquired about the company's policies on its mineral supply chain and supplier due diligence. It is a member of the Responsible Business Alliance, whose code applies to its suppliers. The company has completed its Human Rights Due Diligence and a saliency assessment, and it audits its Tier 1 suppliers on their Human Rights policies and GHG emissions. We encouraged it to go farther down the supply chain as its program develops.

OUTCOME

Engagement concluded. The sustainability program and priorities at the company are mature, but would benefit from additional disclosures on water stewardship and clean technology opportunities. Its emissions reduction strategy would benefit from verification from global standard body such as the SBTi. While there was minor shareholder concern regarding the elements of the executive compensation plan, overall the program is positive and takes ESG metrics into consideration. We will continue to monitor progress in each of these areas and if appropriate, seek another meeting in the future.

ENGAGEMENT HIGHLIGHTS

GOVERNANCE ENGAGEMENT

SECTOR:	FINANCIALS
TOPIC:	REGULATORY ACTIONS
STATUS:	CONCLUDED

OBJECTIVE

Gain insight on the alleged failure to pay fair share of taxes in the United Kingdom and understand the company's approach to the OECD's Action Plan on Base Erosion and Profit Shifting (BEPS).

SUMMARY

FI co-signed an engagement with a British multinational bank through our service provider to seek the company's position on the alleged failure to pay its fair share of taxes in the United Kingdom following the sale of one of its subsidiaries. We also wanted to understand how the company is implementing its support of the OECD's Action Plan on Base Erosion and Profit Shifting (BEPS).

Media reports said that the company avoided £1.8 billion in taxes in the United Kingdom by an arrangement in another country that allowed it to be taxed less than 1% on profits. The bank disputes the allegations of tax avoidance but nevertheless took steps to achieve a more straightforward way to categorise the tax treatment to avoid any uncertainty and negative impact on the company's regulatory capital positon. The company's senior management has been replaced and numerous measures were put in place to ensure the integrity of its tax affairs.

BEPS is an initiative to ensure multinational enterprises pay a fair share of tax wherever they operate. The company has stated its support for BEPS since 2016 by detailing not only their tax approach but also by providing country level detail on profits and taxation. More recently the company confirmed support for the 2021 BEPS recommendations and confirmed the measures mentioned above, which have been in place since 2013. The company confirmed that all activity undertaken is fully compliant with the BEPS initiative.

OUTCOME

Engagement concluded. FI is encouraged by the company's support of the OECD's Action Plan on Base Erosion and Profit Shifting project. The measures put in place seem to be effective and the company stands by its commitments to support BEPS.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

SECTOR:	CONSUMER STAPLES
TOPIC:	CLIMATE CHANGE STRATEGY WATER STEWARDSHIP WASTE MANAGEMENT HEALTH & SAFETY EXECUTIVE COMPENSATION
STATUS:	ONGOING

OBJECTIVE

Discuss the company's sustainability strategy and provide feedback on its disclosures related to climate risk, waste management, health & safety and executive compensation.

SUMMARY

Climate Change Strategy: FI engaged a US brewery to discuss its sustainability programs, including those related to climate. These programs lag its larger competitors but the company is looking to ramp up quickly. In 2022, its main focus was to baseline energy efficiency and GHG emissions data. This will allow it to set Science-Based Targets in the near future as they continue to formalise sustainability strategies and frameworks. We provided feedback that streamlining emissions data will be very useful for investors as data providers are currently using estimates in their assessments of the company. The company also maintains CO_2 recovery systems at two of its three primary brewing facilities and is currently in the process of gaining approval for using the process at the third. The company feels that it is in a position to leverage carbon capture over the long-term.

The company also uses regenerative agriculture for one of its products, which consists of sustainably sourced ingredients. The production process improves soil health while also sequestering carbon and the company noted that while this process is costly and challenging, it continues to conduct research regarding how sustainable inputs and grain sources can be applied more broadly within its operations.

Water Stewardship/Waste Management: We encouraged the company to provide detailed metrics and targets in both of these areas. At this point, the company is trying to quantify and harmonise its water and waste metrics across different systems and vendors. The company expects to provide more detailed metrics on water usage in its next reporting cycle, including progress it has made against targets. Waste management metrics is more challenging, but the company hopes to make progress on data collection in 2023.

Health & Safety: We suggested better disclosure of workplace safety measures and data. The company stated that it is in the process of building out more thorough training and development for all employees and will then be able to improve its reporting to align with GRI/SASB indicators.

Executive Compensation: FI also asked about the company's long-term plans to incorporate ESG metrics in its compensations plans. The company noted that it has no specific plans or timeframe regarding this topic; it appreciated the feedback and would present the information to the company's board.

OUTCOME

Ongoing engagement. The company is in the early stages regarding most ESG topics and it continues to focus on issues that are most salient and feasible. We provided investor feedback in numerous areas and will monitor the company's progress in these areas.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL ENGAGEMENT

SECTOR:	ENERGY
TOPIC:	CLIMATE CHANGE STRATEGY GHG EMISSIONS
STATUS:	ONGOING

OBJECTIVE
Discuss key elements of the company's energy transition plan.

SUMMARY
FI and other investors met with two directors at a US multinational energy corporation to discuss key elements of the company's energy transition plan.

Investors encouraged the company to continue increasing its target reductions for Scope 1 and 2 greenhouse gas emissions. The company is open to doing more, but directors are seeking assurance that the targets are reducing emissions in the right places (balancing ambition with feasibility). Investors requested that the company re-consider the Oil and Gas Methane Partnership 2.0 (OGMP 2.0) as a viable option to ensure methane reduction capital is spent in the right places. After discussion, the directors agreed to review OGMP 2.0 and will provide a response back to the investors.

Investors also asked for better alignment of company public statements with its lobbying activities. The directors are requesting enhanced transparency from trade associations regarding lobbying priorities and acknowledged that some are problematic.

OUTCOME
Ongoing engagement.

ENGAGEMENT HIGHLIGHTS

GOVERNANCE ENGAGEMENT

SECTOR:	CONSUMER STAPLES
TOPIC:	COLLECTIVE BARGAINING & UNIONS
STATUS:	ONGOING

OBJECTIVE
Gain insight on the alleged failure to respect union rights in Indonesia.

SUMMARY
FI co-signed an engagement with a British beverage company through our service provider to seek the company's position on the alleged failure to respect union rights in Indonesia.

Following recurring concerns raised by the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF), FI sought to understand the company's position on collective bargaining and union rights in Indonesia. IUF alleged that the company was engaging in anti- union activities including unfair dismissals of independent trade union leaders, refusal to allow collective bargaining, and forcing workers to sign a National Collective Labour Agreement with management-controlled unions. The company responded that it commissioned an independent audit to conduct a Human Rights Risk Assessment, which adheres to guidance from the United Nations Guiding Principles on Business and Human Rights. The company's internal employee relations team met with the IUF and multiple unions in Indonesia to discuss issues related to employee well-being. The company highlighted that its internal policies include a commitment to protect human and workplace rights in line with globally recognised standards. It confirmed it has several internal policies to protect human rights, a whistleblowing system managed by an external third-party, and it has introduced a human rights policy specific to the Asia-Pacific region on which all employees were trained.

OUTCOME
Ongoing engagement. FI is encouraged by the company's response to our questions and the transparency it showed for their Indonesia operations. The company has commissioned an independent human rights risk assessment and committed to hold regular meetings with IUF while providing employees with internal trainings on human rights and a confidential way for them to voice concerns. FI will review the risk assessment report when available, which the company expects to publish in 2023.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT

SECTOR:	INDUSTRIALS
TOPIC:	CLIMATE CHANGE STRATEGY EXECUTIVE COMPENSATION
STATUS:	ONGOING

OBJECTIVE

Encourage adoption and implementation of Scope 3 GHG emissions targets, encourage increased investment in clean technology, and encourage the company to incorporate ESG metrics into executive compensation.

SUMMARY

FI engaged one of the market leaders in manufacturing engines for heavy duty and medium sized trucks. Known for product superiority and fuel efficiency, the company is the exclusive supplier for major automobile manufacturers around the world. FI's analysis flagged the company as an outlier due to the scale of its Scope 3 emissions.

Climate Change Strategy: Diesel engines are a major contributor to GHG emissions in the transportation sector. The company has set robust Scope 1 and 2 emissions reduction goals tied to interim 2030 reduction targets. The company also set an ambitious science-based target to reduce a portion of its Scope 3 emissions.

To achieve its emissions reduction objectives for products in use (average life span 10-11 years), it is using route optimisation and better fluid diagnostics to increase efficiency. New products will benefit from technology to develop engines that run on low-carbon fuel sources, progressing over time from natural gas to hydrogen to fuel cell/battery. The company maintained that decarbonisation is a key growth opportunity as well as a critical need. The company's R&D budget is geared toward low and zero emissions technologies, prioritising efficiency in the short-term while developing a flexible "fuel-agnostic platform" in the longer-term. The North American market is its first priority and then it will shift to the rest of the world.

- Clean Technology: We inquired if the company's ambitious goals can be achieved with its modest level of forecasted capex on clean technology R&D and new products revenue. The company acknowledged the gap but noted that spending will change based on demand. For example, its longer-term fuel-agnostic systems are capital intensive, whereas development of other systems are less capital intensive and expected to lead the way in demand and revenue generation for the next 5-7 years.

- Clean Technology Opportunities: We asked if recent legislation in the U.S. offers opportunity for the company to advance its transition goals. The company views the new laws positively and mentioned the benefit to its hydrogen electrolysers technology and the supporting infrastructure, which are growth opportunities.

- Climate Data Disclosures: We advised that due to the disaggregated manner of its climate data disclosure, ESG ratings providers may not be including all the company's disclosures in their analysis. The company welcomed the feedback.

Executive Compensation: We inquired if the compensation committee has considered linking ESG performance, specifically emissions reduction performance, to executive compensation metrics. While the company does not currently use ESG metrics in its compensation program, it is a priority discussion topic for the company. We offered detailed feedback of investor expectations regarding quantitative, well-defined ESG performance metrics in the long-term incentive plans.

OUTCOME

Ongoing engagement. The company is committed to being a market leader in transitioning the heavy- and medium-duty truck markets, and has set ambitious 2030 emissions reduction targets across Scopes 1, 2 and partially Scope 3. It is prioritising natural gas engines and efficiency optimisation until regulatory requirements support the transition to hydrogen and battery engines. However, it is currently a high emitter due to the scale of its Scope 3 emissions. Although it will likely remain a high emitter for some time before it can bend the curve downward, we believe it is well positioned for continued leadership in the low-carbon heavy- and medium-duty truck markets. In addition, we will continue to encourage the incorporation of ESG metrics and targets into the company's executive compensation program.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

SECTOR:	HEALTH CARE
TOPIC:	CLIMATE CHANGE STRATEGY DIVERSITY & INCLUSION EXECUTIVE COMPENSATION
STATUS:	ONGOING

OBJECTIVE

Seek progress updates on the company's climate change strategy and encourage disclosure of quantitative performance metrics for the compensation plan.

SUMMARY

FI held a follow up meeting with a US medical technology company to discuss its sustainability program. The company's program has strong oversight by the board of directors and includes a wide range of ESG topics.

Climate Change Strategy Engagement Milestone: In a previous meeting, FI highlighted that many of the company's facilities are located in countries that are setting climate targets and suggested the company should be prepared to respond. Since then, **the company set a goal to be carbon neutral by 2030, including Scope 1, Scope 2 and partial Scope 3 science based emissions reduction targets.** The company has established a task force to oversee the company's environmental goals (climate, water and waste), but they are still early in the process. The company prefers to use a smaller number of trusted suppliers which, in our view, will facilitate the company's Scope 3 measurement (and management).

Diversity & Inclusion: The company has excellent workforce diversity metrics disclosure, but its top-line objectives are qualitative. While its executives do have quantitative performance management objectives, they are not disclosed. We suggested enhanced disclosure would help investors know if the company is performing in line with its targets.

Executive Compensation: The company has included ESG metrics in its executive compensation plan for several years – including the key operating drivers – but it lacks disclosure and it is unclear if it is qualitative or quantitative. We explained what we look for: quantitative metrics, inclusion in both short- and long-term portions of the plan, disclosure of threshold and maximum payouts, and a focus on topics that are key to the company's success.

OUTCOME

Ongoing engagement. This engagement has produced a notable milestone. The company will discuss our feedback and we will follow up.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & SOCIAL ENGAGEMENT

SECTOR:	MATERIALS
TOPIC:	BIODIVERSITY CLIMATE CHANGE STRATEGY WASTE MANAGEMENT HEALTH & SAFETY
STATUS:	ONGOING

OBJECTIVE

Request progress updates on the company's climate change strategy, encourage robust biodiversity risk mitigation plans for operational sites and seek company action on meeting its target of reduced employee safety incidents and zero fatalities.

SUMMARY

FI met with a US mining company to discuss environmental and health & safety matters.

Biodiversity: The company said it is continuing to implement a global framework to manage biodiversity and ecosystems through the avoidance, minimisation, restoration and offsetting of impacts. The biodiversity management plan is compliant with International Council of Mining and Metals (ICMM) guidelines and the industry standard Copper Mark verification. The company tailors biodiversity impact mitigation plans for individual sites, and there have been no recent mine expansions. The company intends to formalise and publicly disclose biodiversity management plans at significant sites by the end of 2023.

Climate Change Strategy: In our last meeting the company said it was going to submit its 2030 GHG emissions reduction targets to the Science Based Target Initiative (SBTi) to validate its alignment with the Paris Agreement's goals. In response to our query about the status of the submission, the company responded that it is still waiting on some portions of the plan to be completed. However, SBTi verification is still the objective.

In 2021, the company established a 2030 GHG emissions intensity reduction target for its mining operations in Indonesia – an area that still relies heavily on thermal coal. The company plans to replace some coal with bio-diesel to achieve significant emissions reductions and cost savings, and is prioritising the construction of a dual-fuel power plant. Beyond 2030, the company is studying the feasibility of other fuel sources.

Waste Management: We noted continued stakeholder concern regarding tailings management and toxic waste mitigation, especially at the company's Indonesian site. We inquired of any monitoring enhancements to mitigate the risk of tailings seepage into water sources. The company said that its board-approved tailings stewardship program is third party verified. In Indonesia specifically, the company has various reporting obligations, including results of water quality testing, to the government and local authorities. The company also intends to complete an environmental audit and health impact study assessing the human health risk in the near future.

Health & Safety: Despite the company's ambition of zero fatalities, there were two work-related fatalities in 2021 (and multiple fatalities in 2020). We inquired about actions taken to meet its zero fatality goal. The company is conducting data analysis to identify primary sources of fatality risk. Fatalities have trended higher industry-wide in recent years, which it attributes to insufficient training for contractors and the low-tenure of the labour force, which heightens the risk. The company is considering additional behavioral and cultural changes and training to limit risk exposure.

OUTCOME

Ongoing engagement. While the company's overall emissions reduction strategy is progressing, it has yet to submit its emissions target for SBTi verification as previously intended, and its emissions reduction plan in Indonesia is reliant on thermal coal. We look forward to the publication on site-specific biodiversity management plan in 2023. The company needs to get its strategy right to reduce serious safety incidents and meet its goal of zero fatalities. We will continue to evaluate the company on these issues and evaluate the resulting reports as they become available.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

SECTOR:	INDUSTRIALS
TOPIC:	GHG EMISSIONS CLEAN TECHNOLOGY CLIMATE R&D HEALTH & SAFETY CORPORATE GOVERNANCE EXECUTIVE COMPENSATION
STATUS:	ONGOING

OBJECTIVE

Understand the company's new sustainability governance program. Seek updates on clean technology investments and employee safety programs.

SUMMARY

FI continued its engagement with a US manufacturing company to understand recent changes to its sustainability governance structure and seek updates on the company's plan to invest in clean technology development for its welding products.

Corporate Governance: In 2022, the company took several steps to support its sustainability goals. It formed a new Executive Sustainability Committee, hired an external leader for the newly created position of Vice President of Environment, Health & Safety (EHS) and Sustainability, and published its first sustainability report.

FI provided the feedback that incorporating sustainability metrics in the executive compensation plan design would link the goals with performance. The company's current annual incentive plan includes individual performance ratings, including ESG metrics but they are not hard-coded to the executive compensation plan.

Climate Change Strategy: In our past dialogue, the company said it had achieved previous GHG emissions reduction targets by switching to renewable energy sources. The new 2025 goal is to reduce GHG emissions 10% from the 2018 baseline, which it expects to achieve using efficiency measures. We suggested that the company proceed with an assessment of Scope 3 emissions and the life-cycle impact of its products.

Given the new focus on overall sustainability performance, we think that the company's research & development expenditures on clean technology development may need to increase to keep pace. We suggested the company disclose its clean technology cap-ex plans, along with the amount of clean technology sales. We also suggested disclosing toxic emissions to air data.

Health & Safety: On workplace safety, the company's performance has plateaued over the last three years although the 2025 goal is to reduce the total recordable case rate by 50%. FI inquired how the company intends to achieve the safety goals. To achieve sustained improvement, the company is shifting from behavior-based safety to risk-based safety protocols. It also intends to identify higher risk activities and gradually de-risk based on data analysis. Where the safety incidents are high, such as with new employees, the company intends to offer additional safety training. It is prioritising automation of high-risk activities.

OUTCOME

Ongoing engagement. The company has set up a robust governance structure to oversee and guide its maturing sustainability program. A stronger commitment to clean technology research and development would support the company's emerging strategy, and incorporating ESG metrics in the executive compensation program would further bolster the company's commitments. Additional reporting on clean technology investments, emissions reduction data and updated safety programs would be informative. We will monitor the company's progress on its clean technology investments and its safety performance.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & SOCIAL ENGAGEMENT

SECTOR:	ENERGY
TOPIC:	WATER POLLUTION HUMAN RIGHTS POLICY COMMUNITY IMPACT
STATUS:	CONCLUDED

OBJECTIVE

Seek progress update on water pollution remediation and encourage protection of indigenous rights in Peru.

SUMMARY

FI co-signed an engagement with a Spanish multinational energy company through our service provider to learn of the company's progress in remediation of water pollution following the 2022 oil spill in Peru and seek updates on company's commitment to respect indigenous rights at a gas project in Peru.

Water Pollution: An oil spill in 2022 at the company's majority-owned subsidiary in one of its refineries caused an environmental emergency in two protected marine areas. FI requested an update on a company statement that remediation efforts would be complete by March 2022. The Environmental Assessment and Control Agency (OEFA) completed its monitoring process in August 2022 and reported that all water and sediment samples were within legal parameters but 34 sites continued to remain effected by the spill, including one protected site. In response, the company confirmed it has completed all planned activities of the containment and cleaning phases, including all sea and shoreline activities. It has also implemented guidelines for each operating area and a global regulation to manage any future spills. The OEFA report states out of 97 coastal formations, 26 are considered clean while 71 require remediation. The company has been mandated to prepare rehabilitation plans for the costal formations requiring remediation with a 12 month deadline from October 4th.

Human Rights Policy: The company holds a 10% stake in a consortium natural gas project in Peru. The project is implementing measures to prevent impacts on indigenous peoples in voluntary isolation or in "initial contact" in a Perusian territorial reserve. According to an environmental impact assessment report by the consortium's operator, contact with indigenous people occurred in 2003. But an independent consultant report highlighted no new contact has occurred since and the company has taken steps to mitigate human rights risks in operating in the area. The company confirmed in response that it will continue working with the operator to improve its prevention and mitigation actions to preserve indigenous rights.

OUTCOME

Engagement Concluded. FI is encouraged by the company's response to our questions and its commitment to respect the indigenous rights at a gas project and water pollution in Peru. It provided an update on remediation at one of its refineries following oil spills. It will continue collaborating with the operating entity on prevention and mitigation actions in order to preserve indigenous rights.

ENGAGEMENT HIGHLIGHTS

GOVERNANCE ENGAGEMENT

SECTOR:	COMMUNICATION SERVICES
TOPIC:	COLLECTIVE BARGAINING & UNIONS
STATUS:	CONCLUDED

OBJECTIVE

Understand the details of the alleged failure to respect union rights in the United States.

SUMMARY

FI co-signed an engagement with a US telecommunications company through our service provider to seek the company's position on the alleged failure to respect union rights in the United States following a complaint.

A report from 2022 suggested that a wholly owned subsidiary of the company allegedly undermined union rights in the United States. The complaint was reportedly filed by the Communication Workers of America (CWA) union with the U.S. National Labor Relations Board (NLRB) concerning the dismissal of a company employee for organising efforts at its retail stores. There were reports of intimidation from senior executives after company employees announced an intention to unionise with CWA at various stores. FI sought to understand if there are grievance mechanisms available to employees and if the company has considered a 3rd party investigation along with showing commitments to respect employees' rights. The company confirmed it has opened a dialogue with CWA and International Brotherhood of Electrical Workers (IBEW), reaching an agreement lasting until 2026. It has also agreed to the terms of the unionised employees at some of its stores.

OUTCOME

Engagement Concluded. FI is encouraged by the company's openness to discuss these issues and the measures put in place. The company stated it is in constant dialogue with the CWA and IBEW to address key business topics and detailed numerous grievance mechanisms available to employees. Its employees have been informed of its commitment that all complaints will be investigated and treated in a confidential manner, and retaliation will not be tolerated.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT

SECTOR:	CONSUMER DISCRETIONARY
TOPIC:	GHG EMISSIONS TOXIC EMISSIONS REGULATORY ACTIONS
STATUS:	CONCLUDED

OBJECTIVE
Seek company updates on policy changes and remediation efforts concerning the automaker's diesel emissions scandal.

SUMMARY
FI co-signed an engagement with a German automotive manufacturer through our service provider to seek updates on the diesel emissions cheating scandal.

Following multiple litigation settlements and fines issued by German prosecutors after its diesel emissions cheating, FI sought to understand what measures were put in place to prevent repeat occurrences. FI also looked to gain insight into the status of remediation measures to correct non-compliant vehicles and the associated environmental impacts.

The company confirmed that it underwent 3 years of Independent Compliance Monitoring to create a compliance program to prevent and detect future violations. It implemented nearly 300 regulations and internal policies and a global framework to oversee the program. It also put in place a group wide Code of Conduct. In 2020, the company announced that an external party had certified that the company had met its commitments. On remediation measures, the company confirmed that it recalled 99.9% of the impacted vehicles in Germany and 85% in the EU and the US. It confirmed that all vehicle testing is now completed by external parties that report results directly to regulators and the company.

OUTCOME
Engagement concluded. FI is encouraged by the company's openness for dialogue. It has put several measures in place to mitigate risks to ensure such incidents from happening again and has progressed on its remediation efforts to fix problem vehicles. An independent assessor certified that the company has met its commitments.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL ENGAGEMENT

SECTOR:	ENERGY
TOPIC:	GHG EMISSIONS CLIMATE CHANGE STRATEGY
STATUS:	ONGOING

OBJECTIVE

Understand the climate impact of the offshore expansion of a LNG project in Australia.

SUMMARY

FI co-signed an engagement with an Australian petroleum exploration and production company through our service provider to seek the company's position on the alleged environmental and climate impact of the planned expansion of a gas processing project in Australia. We sought to understand the company's approach to climate targets and mitigation measures over the lifetime of the project.

FI noted that the company's wholly owned subsidiary owns 90% of the project. The company's plan to expand the project by developing an offshore gas field is opposed by NGOs over concerns of significant GHG emissions. An NGO called Climate Analytics estimated the gas field to have the potential for 1.37 billion tons of GHG emissions up to 2055, however, the expansion received regulatory approval in 2022. In its response, the company described the measures it has in place to ensure the negative impacts are mitigated, and its commitments going forward to ensure this continues. It has calculated the potential reduction in net emissions (compared to thermal coal) from the facility, which includes the processing of gas. The company pointed out that it has a Greenhouse Gas Abatement Policy that is updated every 5 years at minimum. The Policy includes updates on the processing facility, measures to ensure it meets its climate targets over the lifetime of the project, and emissions avoided/offset to date with details on performance against GHG emissions targets.

OUTCOME

Ongoing engagement. The company has robust disclosure of the potential emissions associated with the offshore gas field and detailed potential reduction in net GHG emissions as a result of gas processed at the gas processing facility. FI will continue to monitor the company to ensure it fulfills its commitments.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

SECTOR:	INFORMATION TECHNOLOGY
TOPIC:	DATA PROTECTION & PRIVACY CLIMATE CHANGE STRATEGY EMPLOYEE RELATIONS DIRECTOR ELECTIONS
STATUS:	ONGOING

OBJECTIVE

Discuss the company's data protection policies and practices, GHG emissions reduction efforts, employee training and board composition.

SUMMARY

Data Protection & Privacy: FI requested a meeting to discuss cybersecurity improvements after reports of the company's meetings being hacked. To address security flaws, the company receives third party security assessments. The scope of the audits ensures the company's compliance with more than 20 commonly used industry frameworks and standards, including ISO 27001 (widely regarded as most appropriate for data protection and cyber resilience). Nearly all of the company's products maintain certifications as ISO 27001 compliant. The products also satisfy the requirements of Cloud Security Alliance Star Level 1 and 2, which includes both a self-assessment in addition to external third-party audits.

The company states that it has an obligation to perform data protection impact assessments regarding consumer data protection. The document also affirms compliance with the GDPR (Global Data Protection Regulation), which aims to enhance individuals' control over their personal data and simplify the regulatory environment surrounding data privacy.

Climate Change Strategy: We inquired about the company's strategies to reduce emissions and achieve its goal of 100% renewable energy in all of its data centers. Currently, approximately half of its data centers use 100% renewables and the company also conducts regular facility audits to increase efficiency overall. The company's procurement organisation is also working with suppliers to reduce their emissions. The company believes it can establish a feasible strategy to reduce emissions throughout its supply chain based on these actions.

Employee Relations: The company stated that employee training on cybersecurity is emphasised at every level of the organisation, however, FI's ESG data provider noted that the company lacks metrics and targets in these area. We recommended the company disclose these items clearly, and the company responded that it intends to include these in its next round of reporting.

Director Elections: While conducting background research on the company, we noticed that one of its board members is overboarded (serving on >5 board at one time) and informed the company that we did not support this director during the last AGM. The company received the feedback and mentioned this information would be presented to the board.

OUTCOME

Ongoing engagement. We feel the company maintains industry best practices regarding data protection & privacy. We will continue to monitor its progress regarding emissions reductions throughout its supply chain, disclosing metrics and targets related to employee training and the status of its overboarded director.

DISCLOSURES

Source: Fisher Investments Research, as of December 2022.

Past performance is never a guarantee of future returns. Investments in securities involve the risk of loss. Any investment programme will always involve the risk of loss. Global investing can involve additional risks, such as the risk of currency fluctuations.

As an asset management firm, Fisher Investments (FI) manages investments in shares of a wide range of companies on behalf of our clients. These shares entitle the holders to vote on various issues put forth by the company and its shareholders at the company's annual meeting or at a special meeting.

The report showcases selected engagement highlights to demonstrate how FI engages with company management on ESG issues: environmental issues include but not limited to: climate change, toxic emissions & waste, vulnerability to legislation and impact on local communities; social issues include but not limited to: animal rights, human rights, labour relations, involvement with UN, EU and OFAC sanctioned countries, controversial weapons and governance issues include but not limited to: routine business, corporate governance, board independence, executive compensation, corporate stewardship and bribery & corruption.

FI engages according to Fisher Investments Engagement Policy and identifying engagement opportunities is a part of FI's fundamental analysis and to clarify or express concerns over potential ESG issues at the firm or industry level.

As of 31 December 2022, FI managed $173 billion, including assets sub-managed for its wholly-owned subsidiaries. FI and its subsidiaries maintain four principal business units - Fisher Investments Institutional Group (FIIG), Fisher Investments Private Client Group (FIPCG), Fisher Investments International (FII), and Fisher Investments 401(k) Solutions Group (401(k) Solutions). These groups serve a global client base of diverse investors including corporations, public and multi-employer pension funds, foundations and endowments, insurance companies, healthcare organisations, governments and high-net-worth individuals. FI's Investment Policy Committee (IPC) is responsible for investment decisions for all investment strategies. For purpose of defining "years with Fisher Investments," FI was established as a sole proprietorship in 1979, incorporated in 1986, registered with the US SEC in 1987, replacing the prior registration of the sole proprietorship, and succeeded its investment adviser registration to a limited liability in 2005. "Years with Fisher Investments" is calculated using the date on which FI was established as a sole proprietorship through 31 December 2022. FI is wholly owned by Fisher Investments, Inc. Since Inception, Fisher Investments, Inc. has been 100% Fisher-family and employee owned, currently Fisher Investments Inc. beneficially owns 100% of Fisher Investments (FI), as listed in Schedule A to FI's Form ADV Part 1. Ken and Sherrilyn Fisher, as co-trustees of their family trust, beneficially own more than 75% of Fisher Investments, Inc., as noted in Schedule B to FI's Form ADV Part 1.