



FISHER INVESTMENTS AUSTRALASIA*



ENGAGEMENT REPORT
Q4 2020

ENGAGEMENT OVERVIEW

For Professional Client Use Only

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



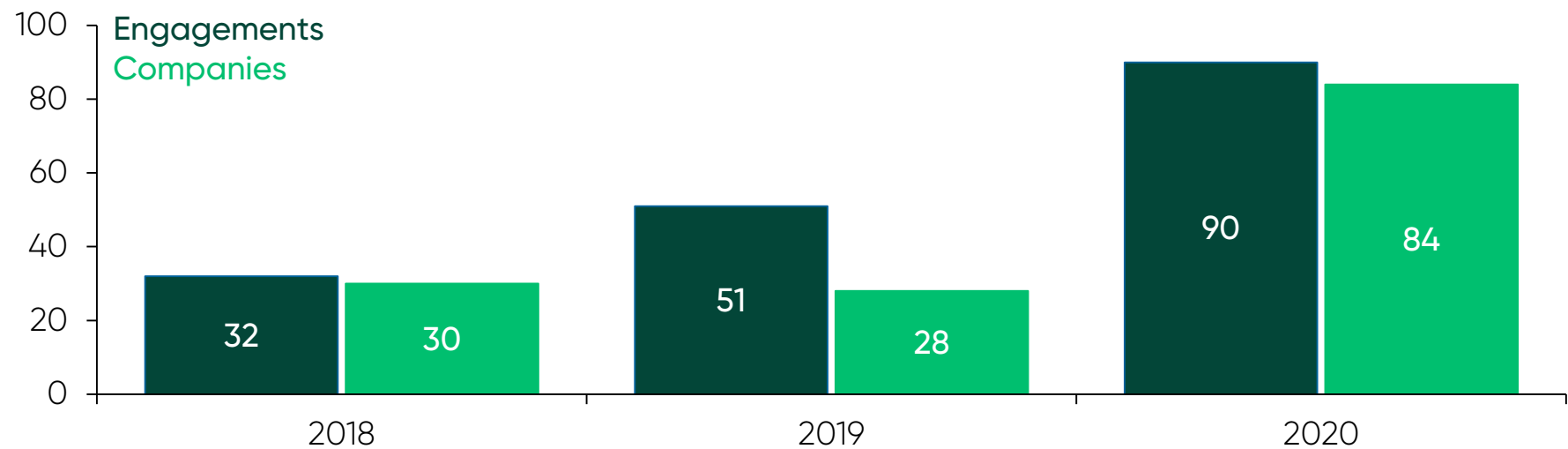
EACH ENGAGEMENT IS:

- ✓ 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?"**

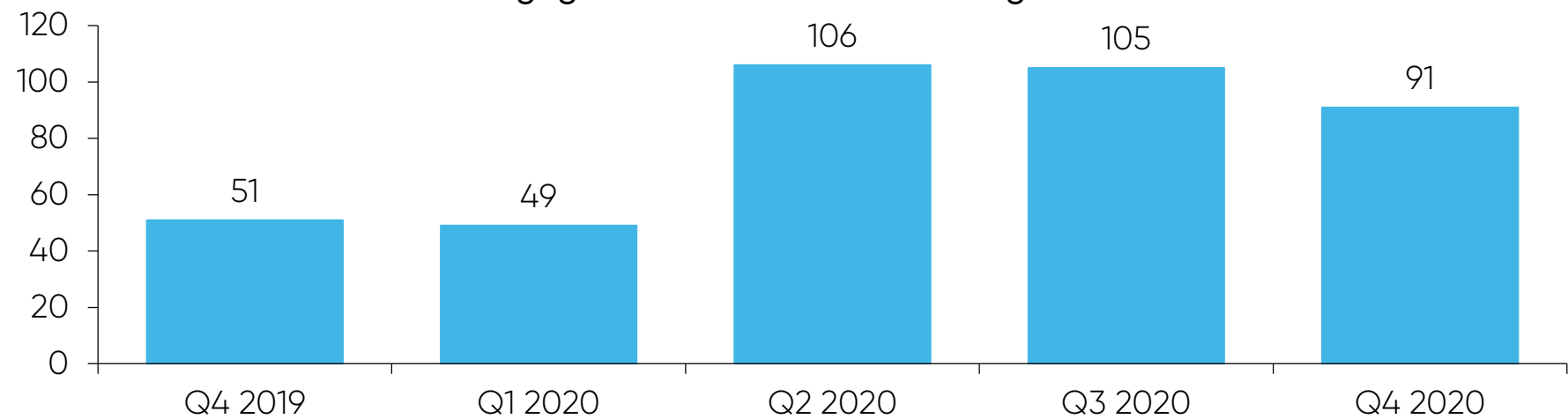
QUARTERLY ENGAGEMENT SUMMARY

Engagement totals vary each quarter and reflect both newly initiated engagements and ongoing dialogues. It is possible to have multiple engagements with a single company; therefore, the total number of engagements may differ from the number of companies engaged.

Companies Engaged & Total Engagements (2018 – 2020)



Total Engagements on a 12-month Rolling Basis



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its affiliates as of Q4 2020.

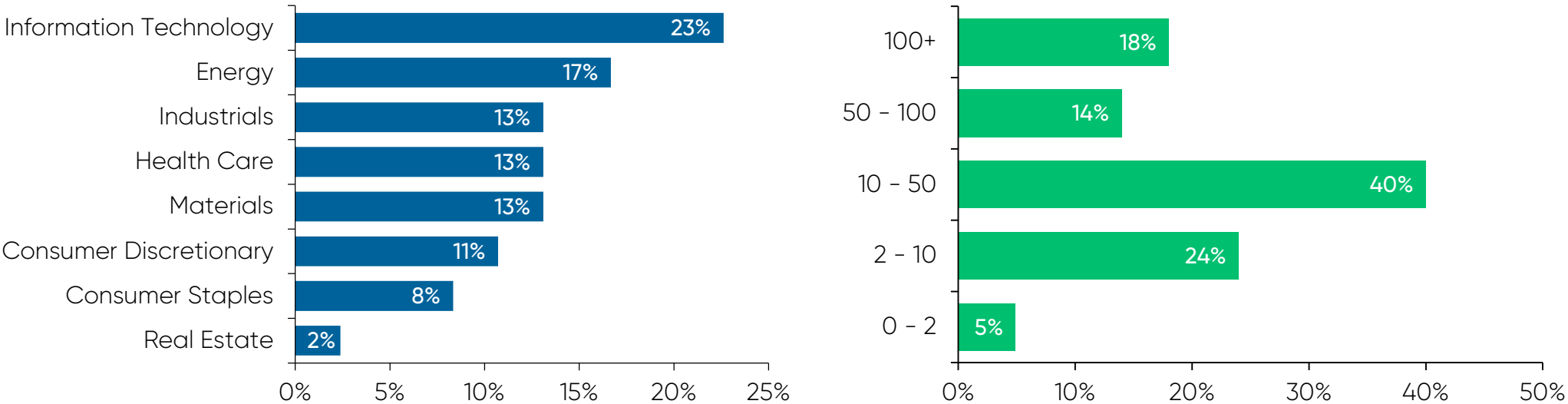
ENGAGEMENT DISTRIBUTION

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

Domicile of Engaged Companies in 2020



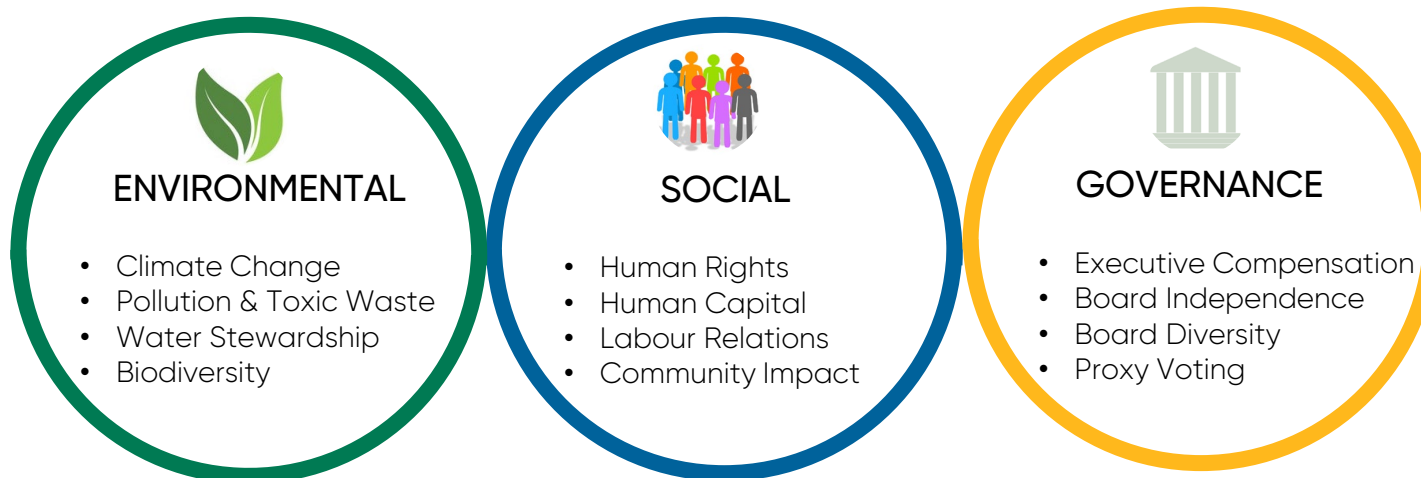
Engaged Companies by Sector & Market Cap (USD billions) in 2020



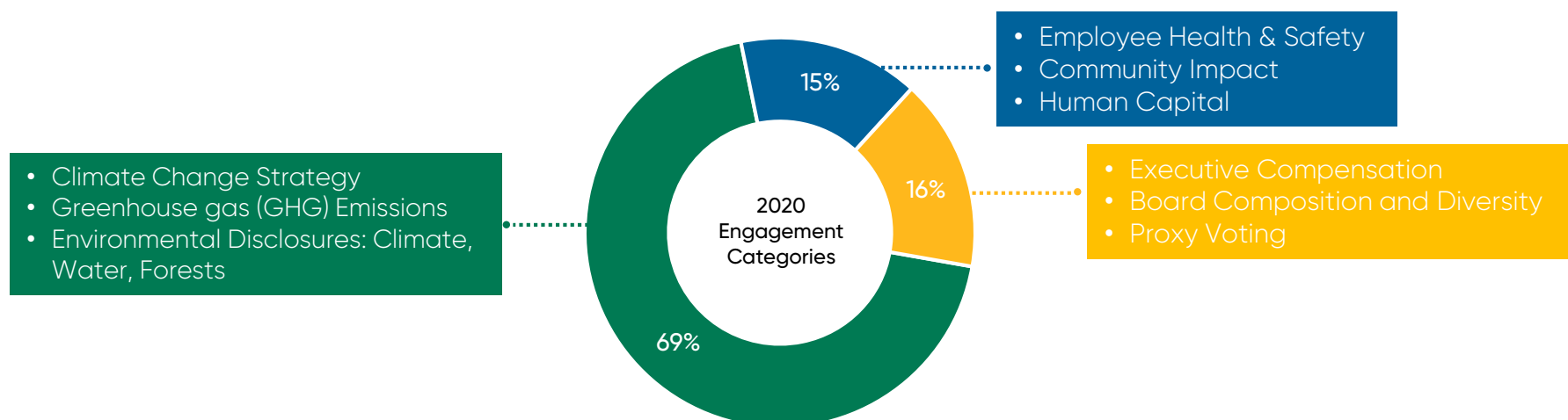
Source: FI data using Factset domicile, sector, and market capitalisation designations. Percentages may not add up to 100% due to rounding. Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its affiliates as of Q4 2020.

ESG ENGAGEMENT FOCUS AREAS

We prioritise multiple factors in each ESG category.



Engagement topics across the proportion of the E, S, and G categories in 2020



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its affiliates as of Q4 2020.

ENGAGEMENT SUMMARIES

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: MATERIALS



ISSUE: ENVIRONMENTAL TARGETS;
EMPLOYEE HEALTH & SAFETY;
EXECUTIVE COMPENSATION

STATUS: ONGOING

The company intends to focus on employee retention in 2021 in order to avoid hiring challenges in skilled positions. FI recognised the strides the company has made in the area of board diversity and employee safety.

OUTCOME

FI intends to follow up with the company in 2021 regarding development of climate-related performance targets.

OBJECTIVE

Discuss certain aspects of the company's environmental, social and governance initiatives; encourage alignment with global commitments to limit global warming.

ENGAGEMENT ANALYSIS

The company established its first environmental targets in 2017. Like many companies, the initial goals were modest and tied to operational opportunity rather than strategic objectives. The company prioritised energy efficiency, switching to renewable energy to power its operations, water and re-use of waste material. It does not currently align with global commitments to limit global warming, but is aware that the marketplace is moving in that direction.

Since the company was deemed an "essential business," it has operated throughout the COVID-19 pandemic. Their employees do not work in close contact with each other, and its infection rate has been 2%. When necessary, it has sent an entire shift home in order to do deep cleaning.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL & SOCIAL ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	INDUSTRIALS
ISSUE:	CLIMATE STRATEGY; DIVERSITY & INCLUSION; HUMAN RIGHTS POLICY
STATUS:	ONGOING

reference the UN Guiding Principles on Business and Human Rights. FI encouraged the company to continue building its human rights program, which is an effective way to address human rights-related reputational risk.

OUTCOME

FI will continue monitoring the company's progress and will encourage new targets/goals related to climate and diversity.

OBJECTIVE

Discuss sustainability program, including climate and diversity related goals, and the human rights program.

ENGAGEMENT ANALYSIS

The company achieved two of its three 2020 environmental goals and is in the process of setting new goals. FI encouraged the company to consider benchmarking its progress against the Paris Agreement (a common standard) and to include Scope 3 emissions data.

The company has aspirational goals regarding women in workforce and in leadership, however, in the last four years, it has made no meaningful progress on adding more women to their workforce or leadership team. While the company states that diversity is a business need and a topic of discussion, it was unable to articulate an action plan to achieve its objectives.

In recent years the company has improved its human rights program, including amending its human rights policy to

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



REGION:	EM ASIA
SECTOR:	ENERGY
ISSUE:	GHG EMISSIONS; GLOBAL STANDARDS
STATUS:	ONGOING

OBJECTIVE

Initiate engagement dialogue on the company's sustainability strategy and encourage disclosure of GHG emissions performance data.

ENGAGEMENT ANALYSIS

This emerging market energy company is in the early stages of implementing a sustainability program, and the 2020 Annual Report will integrate several climate-related performance metrics. The company's board of directors is ramping up its ESG capabilities and has added two new members with sustainability experience, but it does not yet provide strong oversight of the company's sustainability plans.

While the company focuses on compliance with national and local environmental laws, it does not consider how its operations align with its home country's nationally determined contributions to the global Paris Agreement. Furthermore, while the company is exploring low-carbon technologies, it is only doing so in markets where there is customer demand.

The company is not a participant in UN Global Compact, but says the UNGC principles are integrated into the company's

operations, including the recent adoption of whistleblower and anti-bribery/anti-corruption policies. Overall, the company is an average ESG performer within its region but below-average when compared to global competitors.

OUTCOME

FI will review the 2020 Annual Report and other public governance disclosures. We will consider a follow-up engagement in the next 12 months to discuss progress in tracking carbon emissions from its international operations and the potential for setting emissions targets.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	HEALTH CARE
ISSUE:	SUSTAINABILITY DISCLOSURES; CLIMATE TARGETS; EXECUTIVE COMPENSATION

STATUS: CONCLUDED

OBJECTIVE

Receive sustainability update, encourage company to consider energy and emissions targets that align with global standards, and confirm that the compensation plan includes sustainability targets.

ENGAGEMENT ANALYSIS

This health care company has a robust ESG reporting structure that is overseen by the board of directors. It recently appointed a new Chief Responsibility Officer, who is leading the company toward viewing sustainability through its corporate purpose. This approach aligns with the PRI’s emerging “outcomes” based approach to responsible investing.

The company manages its energy/emissions targets by benchmarking to peers. However, many of the company’s facilities are located in countries where public policy is trending toward “net zero” emissions commitments and FI suggested updating its benchmark to utilise a similar approach.

The company described its initiatives to support diversity and inclusion. The board and the executive leadership are very involved in monitoring the company’s progress in this area. To supplement employee trainings and workshops, the company sets and discloses internal D&I targets focused on raising the number of women and ethnically diverse talent in leadership positions. To give these initiatives further support, the company is aligning its executives’ compensation structure with its diversity-related goals.

In 2018, the company included sustainability targets in the CEO’s annual performance goals. The same structure applies to NEOs and management teams, who are also assessed on sustainability metrics that cascade from the CEO’s. The compensation program focuses on pay for performance and utilises both short- and long-term awards to incentivise performance and retention.

OUTCOME

The company will share our feedback with the Sustainability Council. No additional outreach is planned.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL & SOCIAL ENGAGEMENT



REGION: DM NORTH AMERICA

SECTOR: MATERIALS

ISSUE: CLIMATE TARGETS; EMPLOYEE HEALTH & SAFETY; COMMUNITY IMPACT

STATUS: ONGOING

OBJECTIVE

Receive sustainability update from the company's operations and encourage company to adopt sustainability disclosures based on global standards.

ENGAGEMENT ANALYSIS

FI held a meeting with a company director and an executive to discuss the company's sustainability disclosures, employee health and safety measures and community impact.

Environment: After a year-long process to enhance its sustainability disclosures, the company intends to publish its first SASB-aligned report in 2021. In terms of climate and emissions disclosures, the company is committed to aligning with the TCFD framework and is conducting climate-related scenario analysis. The company currently discloses a 2030 climate target and is discussing the feasibility of establishing a net-zero emissions goal. A year ago, the company hired its first director of ESG Relations to lead these efforts.

Social (Employee Health & Safety): The company stressed that employee health and safety is a key priority within its mining operations. The company adopted a number of scheduling, benefits and operational changes to ensure limited impact of the pandemic to its employees. The board of directors has been very involved with senior management's COVID-19 response plan and met more than ten times to perform its active oversight duties.

Social (Community Impact): The company is closely following South American political unrest but continues to operate there unimpeded. The company is maintaining positive labor relations and interaction with local government.

In Southeast Asia, the company reports it entered into a partnership agreement with a sovereign government which resulted in marked improvement in labor dynamics and community impact in the region. To address concerns about security and the human rights impact on employees and the community, the company has invested in extensive training and education. On the safety of the mine, the company is confident that its current mine tailings disposal method provides the lowest risk to the human and environmental health and safety.

OUTCOME

FI will review the next edition of the climate and sustainability reports from the company and continue to monitor progress in health and safety metrics.

ENGAGEMENT SUMMARIES CONT.

GOVERNANCE ENGAGEMENT



REGION:	EM ASIA
SECTOR:	HEALTH CARE
ISSUE:	BOARD OF DIRECTORS; BOARD OVERSIGHT
STATUS:	CONCLUDED

OBJECTIVE

Discuss board oversight and company response to legal issues.

ENGAGEMENT ANALYSIS

FI held an engagement meeting with the company management to discuss the board of directors' response after the recent arrest of a former executive. The company reported that the business impact was minimal because the legal concern is related to operations that were discontinued several years ago. The company has appointed new independent board members and conducted an internal audit via a third party to ensure compliance with the national law.

OUTCOME

Engagement concluded.

GOVERNANCE ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	INFORMATION TECHNOLOGY
ISSUE:	ESG STRATEGY; EXECUTIVE COMPENSATION; BOARD OF DIRECTORS
STATUS:	CONCLUDED

OBJECTIVE

Receive the annual company updates on ESG strategy and board updates.

ENGAGEMENT ANALYSIS

FI held an engagement meeting with the information technology company to discuss its performance, board and compensation committee composition, and overall ESG strategy as part of the annual investor outreach. The company's board of directors is quite diverse—nearly half of its members are female or ethnic minorities.

In 2020 the company joined the "Business Ambition for 1.5C" pledge and intends to set a science-based target to reduce its GHG emissions.

OUTCOME

Engagement concluded.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION: EM SOUTH AMERICA



SECTOR: MATERIALS



ISSUE: SUSTAINABILITY DISCLOSURES;
ENVIRONMENTAL TARGETS; WATER;
DIVERSITY & INCLUSION

STATUS: ONGOING

OBJECTIVE

Receive comprehensive update on the company’s sustainability progress and persuade it to establish ESG targets.

ENGAGEMENT ANALYSIS

For several years, this South American materials company has had the lowest possible MSCI ESG rating (CCC). In Q4, we initiated engagement to encourage the company to improve its practices. We learned that the company’s new CEO has established sustainability as a strategic priority. The company has embarked on a cultural transformation that is focused on improving employee safety, environmental impact and good corporate governance. In early 2020 the company published its first Integrated Annual Report and its board approved a corporate-wide sustainability plan. Three of the board members are women and the company has launched an initiative to raise the number of women in leadership positions. Additional D&I goals are expected to be publicised next year.

Regarding environmental impact, the company strives to participate in the circular economy and approximately 70% of its production is sourced from scrap-based inputs.

Programs related to water reuse and management of hazardous waste by-products are also being implemented, and the company is evaluating a net-zero emissions target.

The company’s severe injury rate is the lowest in company history and it is increasing training and safety protocols for all employees and contractors.

To help address COVID-19’s impact on its communities, the company built two hospitals using its steel frames in Latin America.

As a result of the company’s programmatic gains and enhanced disclosures, MSCI upgraded the company’s ESG Rating from CCC to B.

OUTCOME

FI will continue to monitor the results of the company’s sustainability journey and seek an update meeting in 12 months to discuss progress.

ENGAGEMENT SUMMARIES CONT.

GOVERNANCE ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	INFORMATION TECHNOLOGY
ISSUE:	PROXY VOTING; EXECUTIVE COMPENSATION
STATUS:	CONCLUDED

The company maintains that it is two years into a five-year plan. It has failed to meet the compensation program targets in both years, and due to leadership turnover we believe it will likely face continued challenges. FI will continue to monitor the company's progress and may seek re-engagement in the future.

OUTCOME

Engagement concluded.

OBJECTIVE

Discuss the company's executive compensation program in relation to the proxy vote.

ENGAGEMENT ANALYSIS

FI met with the company to discuss its executive compensation program and the changes it has implemented in the last two years. In 2018, the company adopted a package that front-loaded 5 years of equity options, contingent upon stock price, market capitalization and operational performance goals. The company failed to meet the targets in 2018 and 2019 and as a result, three of its top executives received no awards.

The company's performance has lagged its industry and the S&P 500 in all but one of the 1, 3 and 5 year performance periods. The company has an ongoing misalignment between pay and performance, and investors for many years have criticised the size of its pay packages.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: MATERIALS



ISSUE: SUSTAINABILITY DISCLOSURES; ESG RATINGS; EMPLOYEE RELATIONS; COMMUNITY IMPACT

STATUS: ONGOING

OBJECTIVE

Discuss the company's ESG profile and encourage sustainability and emissions strategy.

ENGAGEMENT ANALYSIS

FI met with a mining company to discuss its poor ESG ratings. The company believes it does not effectively communicate what it is doing, which affects its ratings. Its sustainability priorities are to promote employee health and safety, measure and reduce its carbon footprint and water use, and maintain good community relationships. Its ESG reporting is managed by its parent company, however, the data is combined with other business units so its ESG performance is difficult to determine.

For the first half of 2020, the company operated with less than half of its personnel due to the pandemic. It adjusted by focusing on mining high-grade materials, which allowed it to continue operating until conditions improved.

FI suggested the company consider adopting the newly launched "Global Industry Standard on Tailings Management," which is designed to establish across-the-board best practices on tailings management.




FI also asked the company to speak to its history of labor concerns. The company believes it has good relationships with unions in its operating countries, citing several years of strike-free working sites.

OUTCOME

FI plans to re-engage the company in 2021 and encourage it to adopt an ambitious agenda of sustainability policies and programs. In this ongoing engagement, FI will encourage the company to set emissions reduction targets and adopt the Global Industry Standard on Tailings Management.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

	REGION:	EM SOUTH AMERICA
	SECTOR:	MATERIALS
	ISSUE:	COMMUNITY IMPACT; RISK OVERSIGHT; BOARD OF DIRECTORS; GHG EMISSIONS
	STATUS:	ONGOING

OBJECTIVE

Receive updates on the reparation process and governance enhancements.

ENGAGEMENT ANALYSIS

The company hosted an investor call to provide an update on its efforts to make reparations after a dam collapse and to describe how that event led to its ongoing cultural transformation. The CEO also announced that the company will adopt the new “Global Industry Standard on Tailings Management” in its operations. The standards, launched in August 2020, endeavor to improve the safety of mine tailings facilities around the world. the company reported that community reparations were slowed due to COVID-19 and regional wildfires, but the company is still targeting its original completion date.

As the company examined the incident’s underlying causes, company culture emerged as an issue. In response, the company established a plan to transform its processes and norms.

This includes adding new directors, incorporating sustainability into its executive remuneration, setting a target to double the number of female employees by 2030 (from a 13% base), and monitoring how business decisions are made.

The company also announced that it has set Scope 1 and 2 emissions reduction targets for 2030 and intends to be carbon neutral by 2050.

OUTCOME

FI continues to monitor the company’s remediation progress and will seek an engagement update in the next 12 months.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	INFORMATION TECHNOLOGY
ISSUE:	BOARD OF DIRECTORS; EXECUTIVE COMPENSATION; DIVERSITY & INCLUSION
STATUS:	ONGOING

The company confirmed that its planned separation into two independent publicly-traded companies is scheduled to occur in the new fiscal year.

OUTCOME

FI will continue to monitor the executive compensation and governance program when the company separation occurs early next year.

OBJECTIVE

Receive governance and executive compensation program updates as the company prepares for a planned separation.

ENGAGEMENT ANALYSIS

FI's engagement meeting with an independent director and compensation committee chair focused on the company's executive compensation philosophy, shareholder engagement efforts, and the announced company restructuring.

The company highlighted its recently revamped compensation program that incentivises pay for performance by utilizing financial metrics for both short- and long-term compensation for the CEO and executives. Linking sustainability goals to compensation has been discussed at the board level but has not progressed further. Additionally, in response to shareholder feedback, the board and management is enhancing its diversity and inclusion policies to attract and retain diverse talent.

COLLABORATIVE ENGAGEMENT

ENVIRONMENTAL ENGAGEMENT



REGION:	DM ASIA
SECTOR:	CONSUMER DISCRETIONARY
ISSUE:	EMISSIONS; CLIMATE CHANGE
STATUS:	ONGOING

OBJECTIVE

Obtain clarification regarding the company’s position on fuel economy and greenhouse gas emissions frameworks in the United States.

ENGAGEMENT ANALYSIS

Through our service provider, FI co-signed an engagement dialogue with automotive major regarding the company’s participation in the U.S. automotive industry group that is seeking to rollback U.S. fuel-efficiency standards. The rollback prohibits the state of California, as well as the 13 other states that follow it, from imposing fuel efficiency rules that are similar to many European and Asian markets. We joined this engagement because the company’s actions do not seem to align with its stated objectives regarding global fleet fuel efficiency. Furthermore, manufacturing to meet differing standards increases the company’s costs.

The company responded by sharing its plans to sell more than 5 million electrified vehicles by 2025 and reduce CO2 emissions of its vehicles by 90 percent. However, the company stated that it believes there should be one auto emissions standard for all of the U.S. and that is why it has long supported the less stringent “One National Program.”

OUTCOME

FI and the co-signers submitted follow-up inquires to seek clarity from the company regarding its rationale for supporting different manufacturing standards. The company’s response is pending.

DISCLOSURES

Source: Fisher Investments Research, as of December 2020.

Data indicated above are based on engagement meetings for all of Fisher Investments Institutional clients. For Professional Client Use Only. Past performance is never a guarantee of future returns. Investments in securities involve the risk of loss. Any investment program 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 above demonstrates 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, labor relations, controversial countries and 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.

Investing in financial markets involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance neither guarantees nor reliably indicates future results. The value of investments and the income from them will fluctuate with world financial markets and international currency rates.

This confidential analysis is issued by Fisher Investments Australasia Pty Ltd ABN 86 159 670 667 AFSL 433312 ("FIA") and is only available to wholesale clients as defined under the Corporations Act 2001. It is provided for information only. It is not an investment recommendation or advice for any specific person. Although it is based on data provided to FIA that is assumed to be reliable at the time of writing, the accuracy of the data cannot be guaranteed. Investments involve risks. Past performance is no guarantee of future returns nor a reliable indicator of current and future returns.

Neither FIA, nor any other person, guarantees the investment performance, earnings or return of capital of your investment. Opinions expressed in this analysis are current only at the time of its issue. We may change our views at any time based on new information, analysis or reconsideration. Forward looking statements (including statements of intention and projections) are based on current expectations, assumptions and beliefs and involve risks and uncertainties. All these factors may cause actual outcomes to be materially different. To the maximum extent permitted by law, neither FIA nor its directors, employees or agents accept any liability for any loss arising from reliance on this analysis. FIA is wholly-owned by Fisher Asset Management, LLC trading as Fisher Investments (FI).

Fisher Investments (FI) is an investment adviser registered with the Securities and Exchange Commission. As of 31 December 2020, FI managed over \$158 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 (FI), 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 2020.

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.

- Fisher Investments Australasia (FIA) delegates portfolio management to its parent company, Fisher Investments (FI)
- This presentation relates to a Fisher Investments Institutional Group (FIIG) strategy managed by FI.
- FIA was established in Sydney, Australia in 2013 as a wholly-owned subsidiary of FI
- FIA holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission (ASIC)