



ENGAGEMENT REPORT
Q4 2021

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



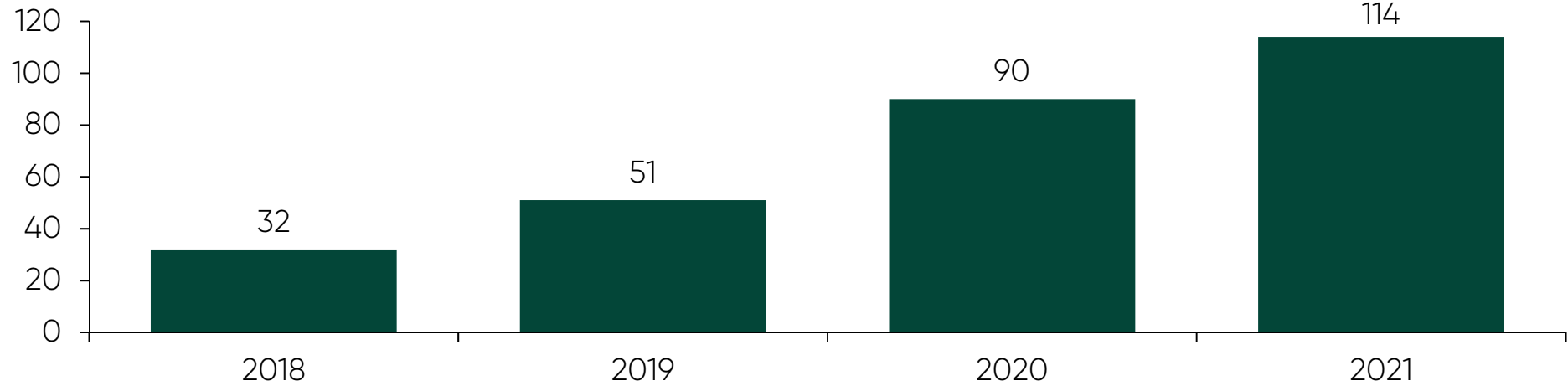
EACH ENGAGEMENT IS:

- ✓ 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?"**

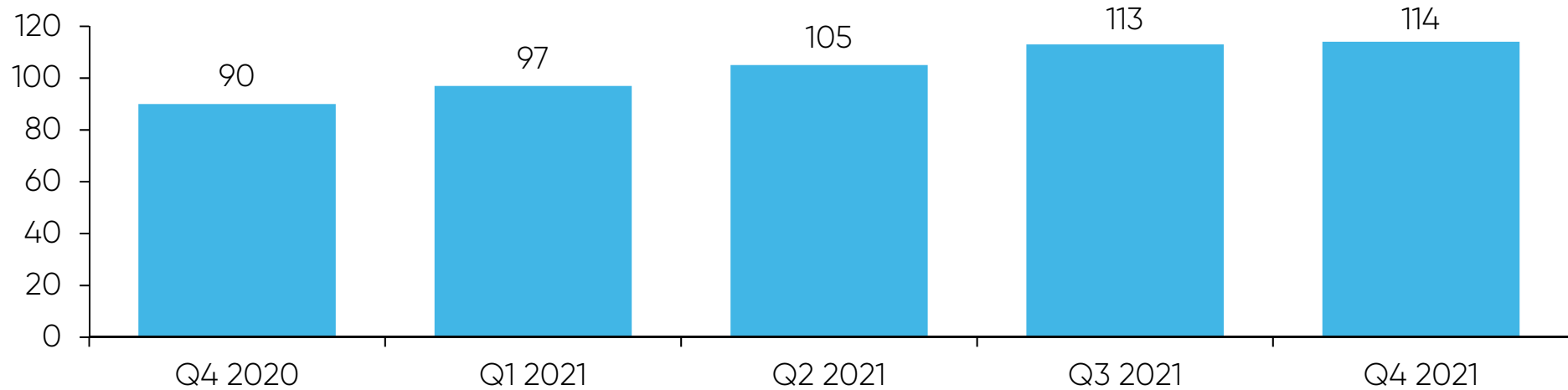
ENGAGEMENT ACTIVITY

Our engagement activity has grown steadily. The totals below reflect both newly initiated engagements and established, ongoing dialogues.

Year Over Year Engagement Activity



Total Engagements on a 12-month Rolling Basis

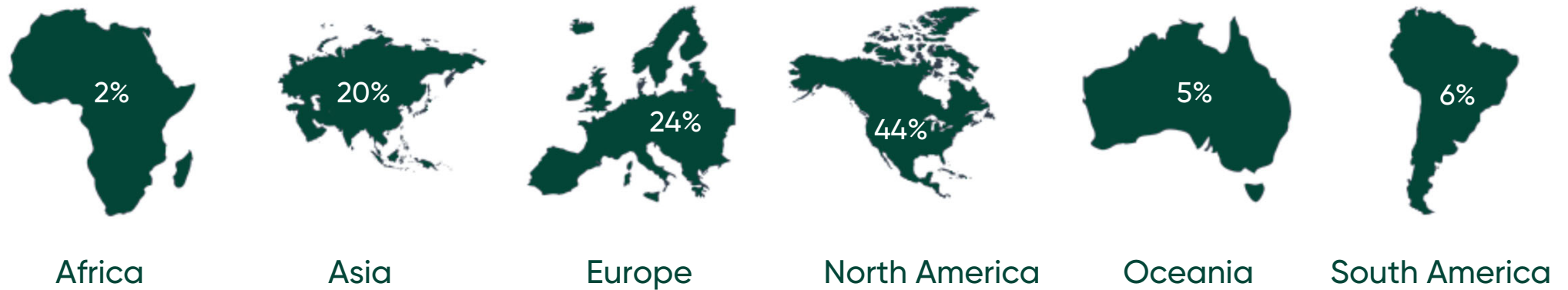


Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q4 2021.

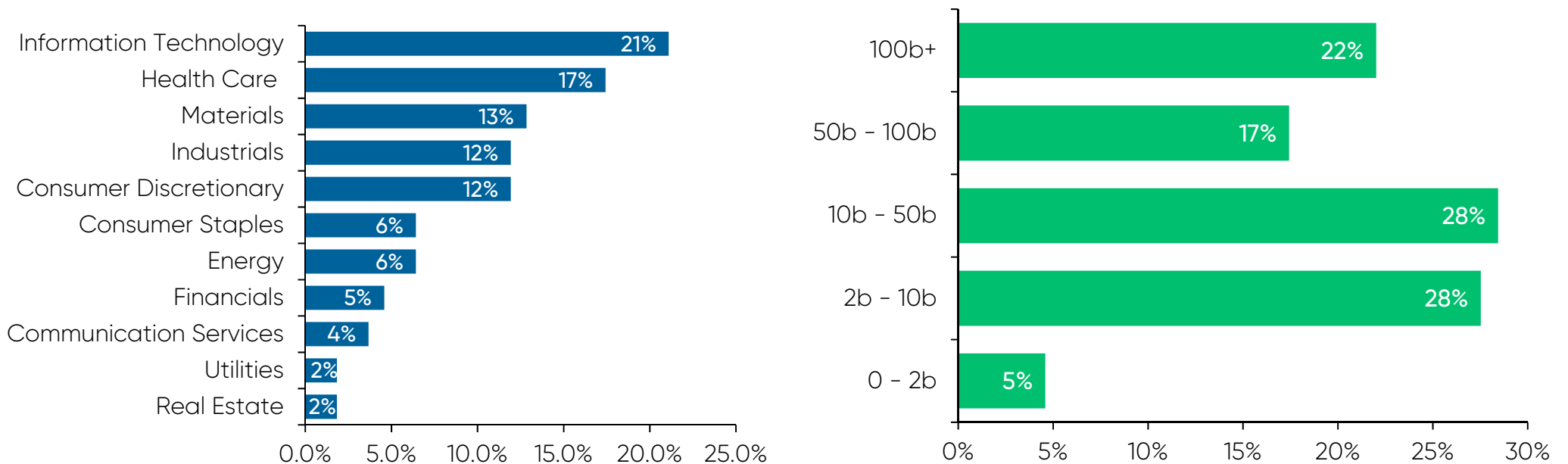
ENGAGEMENT DISTRIBUTION

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

Domicile of Engaged Companies, Trailing 1 Year as of Q4 2021



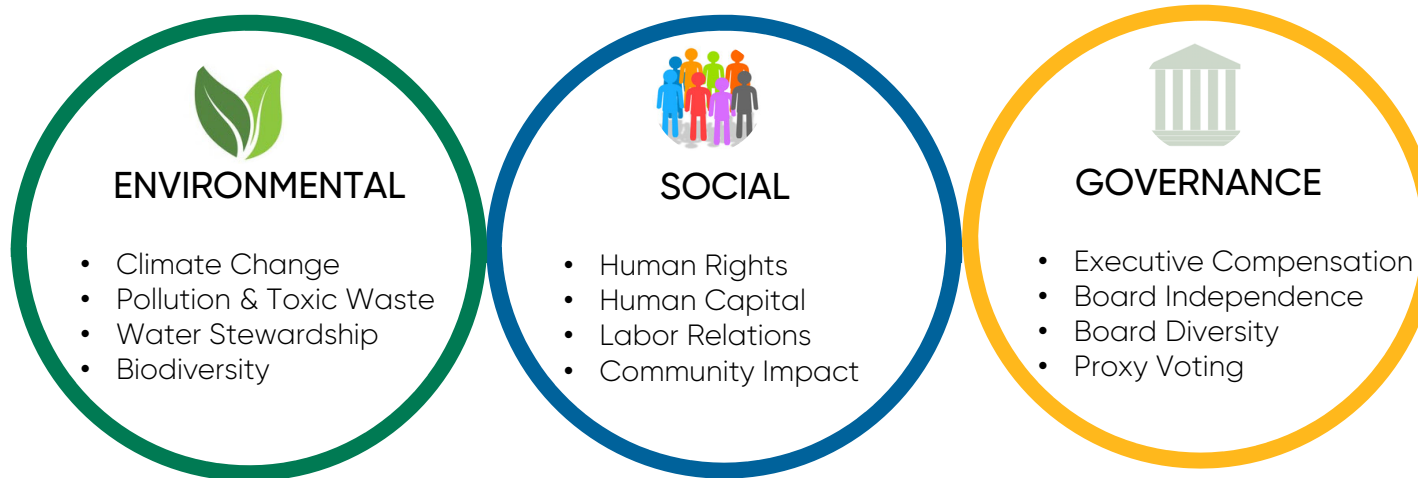
Engaged Companies by Sector & Market Cap (USD billions, Trailing 1 Year as of Q4 2021)



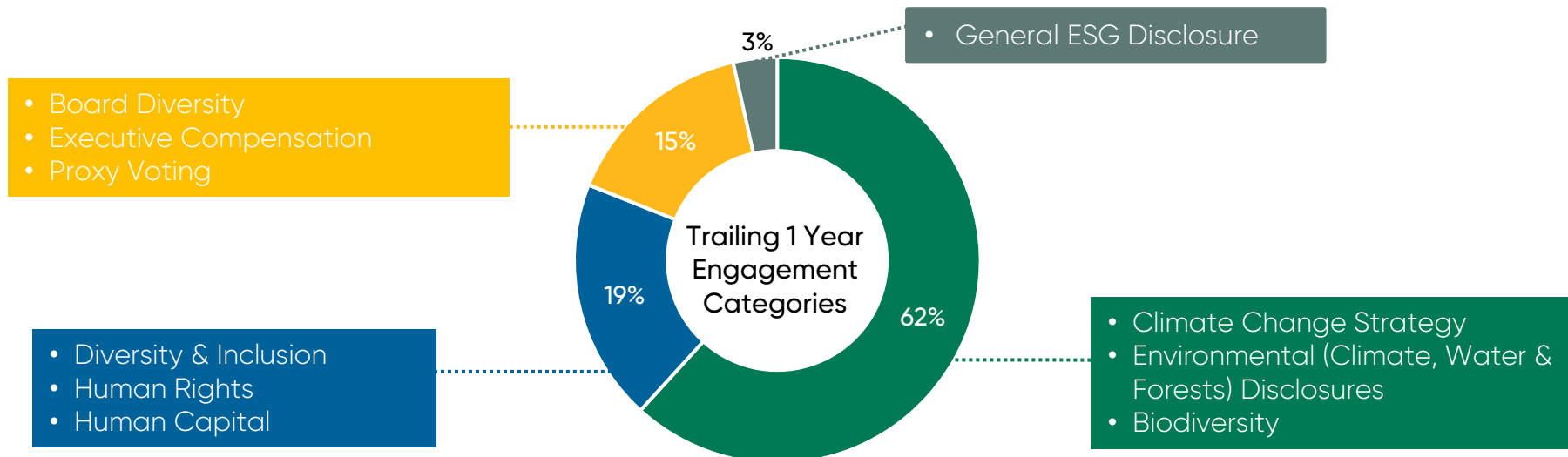
Source: FI data using Factset domicile, sector, and market capitalisation designations. Percentages above may not add up to 100% due to rounding. Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q4 2021.

ESG ENGAGEMENT FOCUS AREAS

We prioritise multiple factors in each ESG category.



Engagement topics by proportion of the E, S, and G categories as of Q4 2021 (Trailing 1 Year)



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q4 2021. Percentages above may not add up to 100% due to rounding.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



REGION: DM EUROPE

SECTOR: ENERGY



ISSUE: CLIMATE RISK, BIODIVERSITY, PROXY VOTING

STATUS: ONGOING

OBJECTIVE

Receive updates on the company's climate change strategy and targets.

SUMMARY

FI met with the CEO of an oil and gas major to discuss its ambition to have net zero GHG emissions by 2050. As part of a major reinvention of the global energy company, it made short- and medium-term sustainability targets (unlike many of its competitors). In the engagement dialogue with FI, the company discussed its overall sustainability ambitions and targets as disclosed in its recently published 2020 sustainability report.

Highlights:

- Reductions in Scope 1, 2 and 3 GHG emissions. The company acknowledged the global pandemic played a role in the reductions, but is optimistic that recently implemented strategies will produce lasting results as it is learning and adapting to the transition trajectory and investing in newer, renewable technologies to ensure that the targets are met.
- Methane emissions measurement systems are slated for all major sites by 2023. The company is enhancing its processes by incorporating drone and satellite technologies to improve data quality. FI inquired about old or abandoned wells. The company responded that its decommissioning department reports no current concerns regarding leaks from abandoned or old wells.
- Biodiversity and natural capital targets are currently being assessed, with an ambition to achieve net positive impacts. FI requested disclosure of the data and results related to these topics.

In recent years, the company has received a number of shareholder resolutions related to its climate transition strategies. FI inquired how it has responded to investor concerns on this topic. The company said the major shift in its long-term vision occurred in response to the a shareholder resolution filed by investors within the Climate Action 100+ initiative. It is a productive dialogue that continues to inform the company's business strategy.

OUTCOME

The company's disclosed targets are ambitious and move in the direction of Paris-aligned climate transition. FI will evaluate the next sustainability progress report to assess the company's performance.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA

SECTOR: ENERGY



ISSUE: BOARD OVERSIGHT & ETHICS, CLIMATE RISK

STATUS: CONCLUDED

OUTCOME

The engagement achieved significant milestones, including establishing updated Scope 1 and Scope 2 emissions reduction targets, publishing a new climate impact report and disclosing a large-scale energy transition plan that allows for revenue growth while targeting solutions to hard-to-decarbonise segments. The transition plan is backed by approximately \$1 billion in capex per year, although it appears the company will be able to ramp up quickly as viable solutions are identified.

OBJECTIVE

Persuade the company to take the necessary steps to curb greenhouse gas emissions in alignment with a globally established target, strengthen its governance and improve its climate-related financial disclosures.

SUMMARY – 1st MEETING

FI and other investors held an update call to provide feedback on the company's newly revealed energy transition plan and discuss the expected report on lobbying activities.

Energy Transition plan: Investors welcomed receiving the company's plan. It is a good start that provides the potential for revenue growth, however the capex allocation is modest and the pace and scale of its actions are likely not yet sufficient to address market demands.

Lobbying Report: The company indicated its updated lobbying report would reflect its approach to climate-related lobbying activities. Investors emphasised the need for alignment with business objectives and described the potential harm caused when a company says it supports climate action but pushes consumers into actions that incentivise the opposite.

SUMMARY – 2nd MEETING

The investor group also met with two of the company's independent directors. The Board members described the company's response to recent shareholder proposals, which include providing better disclosure of lobbying activities and expanded scenario analysis.

Investors described the importance of lobbying that is aligned with public statements related to Net Zero. The directors agreed that the investors' request is consistent with its principles and acknowledged it must be more vocal in supporting a carbon price.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, GOVERNANCE, & GENERAL ESG DISCLOSURE ENGAGEMENT



REGION: DM OCEANIA



SECTOR: CONSUMER DISCRETIONARY



ISSUE: BIODIVERSITY, RISK OVERSIGHT & ETHICS, GENERAL ESG DISCLOSURE

STATUS: ONGOING

Additionally, FI inquired about the company's policies on employee health, safety, and human rights. The company conducted its first modern slavery risk assessment across its operations and supply chains, and submitted its modern slavery statement to the Australian regulator. Based on the risk analysis, the company aims to focus attention on its suppliers of agricultural and material inputs to reduce and manage risk.

OUTCOME

FI provided feedback regarding the company's pending climate and sustainability targets. We will review the quality of the goals when they are published and consider whether reengagement is warranted.

OBJECTIVE

Encourage the company to set key issue targets to meet its recently declared ESG commitments.

SUMMARY

FI engaged with an Australian restaurant chain company to provide feedback on its newly developed sustainability vision and performance. The company appointed its first Group Chief ESG Officer in Q1 2021. The Officer is part of the global leadership team and reports directly to the CEO. The Risk & Audit Committee of the Board oversees the governance of ESG.

The company published its first sustainability report in 2021, which presented its sustainability strategy and performance. A previously-conducted materiality assessment identified 20 material ESG issues, primarily focused on five pillars: people, food, customers, environment and community. The company has developed policies on employees and community engagement, but concrete and comprehensive action on environmental impact remains pending.

The company is gathering baseline measurements to analyse its corporate GHG emissions, land and ecosystem impact of its operations, and water usage. The baseline will inform the company's science-based environmental strategy. FI encouraged the company to set robust environmental and emissions reduction targets. We also highlighted the impact of sustainable packaging and encouraged reduction in single-use plastics use to align with emerging best practices.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL, & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: MATERIALS



ISSUE: CLIMATE RISK, POLLUTION & WASTE,
HUMAN CAPITAL, BOARD DIVERSITY

STATUS: ONGOING

OBJECTIVE

Seek details on the company's announced GHG reduction commitments, encourage the company to meet its employee safety objectives and receive governance updates.

SUMMARY

FI met with a North American materials company to follow up on the company's commitments to enhance its disclosures aligned to its materiality framework.

Climate Strategy: The company published its second climate report, which committed to GHG emissions reduction target for its Indonesian operations that complement its initial public target to reduce the GHG emissions intensity in its Americas operations. The company also completed a climate scenario analysis to evaluate three climate pathways and committed to aligning its future climate-related disclosures to the Task Force on Climate-related Financial Disclosures (TCFD). Additionally, the company plans to submit its reduction targets to the Science Based Target Initiative (SBTi) to validate its reduction commitments to the Paris Agreement's goals.

FI inquired how the company plans to meet its reduction goals in Americas and especially in its mining operations in Indonesia given that its primary energy source is thermal coal. A few developments are going to help meet the goal: the Indonesian mine has been transitioned from open-pit to underground mining and the company is constructing a dual-fuel power plant to diversify the energy input from solely coal to biofuel, diesel and LNG (given the geography, other

renewable options are prohibitive.) Across the portfolio, the company is decarbonising its electricity inputs by including wind, solar and battery power; accelerating the electrification of its fleet and equipment; and initiating process innovation across the board.

Employee Health & Safety: There were multiple fatalities at the company's Indonesian operations in 2020. FI inquired what the company's strategy is to meet its objective of zero workplace fatalities. The company emphasised its adherence to its fatal risk management and intends to use technological inputs, safety education and operational checklists to enhance its safety record.

Toxic Waste: FI raised the concern of toxic waste run-off from the tailings into the water sources. The company is committed to transparency in relation to its tailings management disclosures and enhancements. The publication of a human health impact assessment is scheduled shortly, which FI will evaluate for tailings management performance.

Governance: The board was refreshed in 2021 with five new independent directors joining the board. Four directors are female and multiple directors possess sustainability experience, which the company hopes to channel in its sustainability drive. FI inquired about the ESG metrics component in the executive compensation programme. The 2020 annual incentive programme now includes 25% ESG driven metrics on safety and sustainability objectives.

OUTCOME

Since our engagement dialogue in Q4 2020, the company has encouragingly completed scenario analysis to evaluate three climate pathways and committed to aligning its future climate-related disclosures to TCFD as we discussed. But the company is still evaluating potential net-zero commitments. We will continue to monitor the company's climate transition goals, safety programme and will evaluate the human health impact assessment report when it is published.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



REGION: DM EUROPE



SECTOR: HEALTH CARE

ISSUE: CLIMATE RISK, RISK OVERSIGHT & ETHICS

STATUS: CONCLUDED

OUTCOME

No additional outreach is planned at this time.

OBJECTIVE

Discuss sustainability programme updates as the company prepares for a planned spinoff.

SUMMARY

In a follow-up meeting, FI met with a health care company to discuss the company's climate change strategy and the announced company restructuring.

The company continues to maintain leadership in ESG with the recent announcement of significant renewable energy investment and carbon reduction initiatives at its manufacturing facilities. The company also announced a new R&D programme to reduce greenhouse gas emissions from its metered dose inhalers, which are responsible for nearly half of the company's carbon emissions. These new initiatives support the continued progress on the environmental commitments made by the company to be net zero and nature-positive by 2030.

The company is planning to spin off one of its business units. The reorganisation has not been without controversy, as an activist investor has publicly sought to influence the timing of the event and replace the intended CEO. However, it appears the governance issues are resolved and the company declined to comment further.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: ENERGY

ISSUE: EXECUTIVE COMPENSATION, CLIMATE RISK

STATUS: ONGOING

OBJECTIVE

Information gathering on changes to the company's executive compensation programme and discuss climate change strategy and reporting.

SUMMARY

FI met with the chair of the compensation committee and other executives of an American energy company to discuss changes to its compensation programme and climate change strategy.

Shareholder feedback prompted major changes to the company's executive compensation package in 2020. However, in 2021, less than half of shareholders supported the advisory vote for executive compensation proposal. The company believes that it has addressed the feedback and that any lingering investor concerns will be mitigated once a full cycle of the new compensation plan is completed.

The compensation committee is also considering integrating ESG factors as 20% of the non-financial metrics of its annual performance plan. FI suggested that the committee also add ESG goals to its long-term incentive metrics.

The company has historically lagged its primary competitor in the area of climate performance but approximately one year ago, it

committed to participate in the Science Based Targets initiative (SBTi).

In 2021, it conducted in-depth scenario analysis, which informed the strategic priorities of reducing its emissions and advancing clean energy solutions. Currently, it has established Scope 1 and 2 GHG emissions reduction targets. FI suggested the company include Scope 3 emissions in its climate strategy. The company intends to discuss transition plans with its largest suppliers, and continue to expand the clean energy solutions it offers to customers.

OUTCOME

FI will review the compensation plan changes and will continue to assess the company's progress towards its stated sustainability commitments.

ENGAGEMENT HIGHLIGHTS

GOVERNANCE ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	INFORMATION TECHNOLOGY
ISSUE:	EXECUTIVE COMPENSATION
STATUS:	ONGOING

OUTCOME

FI will review and evaluate the compensation programme and disclosures ahead of the next annual general meeting.

OBJECTIVE

Understand the changes to the executive compensation programme design in the post-proxy dialogue.

SUMMARY

FI held an engagement meeting an IT company's board members and executives to discuss the company's executive compensation programme. A majority of shareholders voted against the company's 2021 advisory vote on executive compensation after delivering less than 65% vote support in each of the prior two years. Shareholders were concerned about pay-for-performance misalignment and CEO pay magnitude as the company has gone through two CEOs in recent years.

The board stated that a highly competitive compensation package was needed to attract the current CEO, who is a veteran leader. In addition, the size of recent compensation payouts reflected the values of the equity grants tied to these executive transitions.

FI inquired how the compensation figures would change in the 2022 proxy. The company cautioned the proxy will reflect the full accounting of the new CEO's compensation package. However, the changes are designed to shift the focus to achieving growth and relative return metrics.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & SOCIAL ENGAGEMENT



REGION: EM AFRICA

SECTOR: MATERIALS

ISSUE: BIODIVERSITY, WATER STEWARDSHIP,
CLIMATE RISK, HUMAN CAPITAL

STATUS: ONGOING

OBJECTIVE

Discuss the company's biodiversity, climate change and overall sustainability strategies.

SUMMARY

FI engaged a South African mining company that supplies iron-ore to the global steel industry to discuss the company's sustainability programmes.

Environmental: The company adopted a Sustainable Mining Plan that guides its actions on **biodiversity** related to sustainable land use programmes, concurrent rehabilitation methods and detailed closure plans to guide. In accordance with its net positive impact (NPI) biodiversity targets, the company has identified certain projects to undertake and is evaluating additional targets.

On its **water stewardship** practices, the company stated that its current operations are not in water scarce environments. The company has a water management plan, which aims to offset the water used from the aquifers by investing in infrastructure on drainage, trenches and dams to avoid water run-off. The company also highlighted that it adheres to stringent regulations and has reduced its freshwater use nearly 20% in recent years. Mineral waste management is also a priority and the company has been able to significantly reduce its overall waste footprint.

To further address **climate change**, the company has targets to achieve a 30% reduction in GHG emissions and improve energy efficiency 30% by 2030. Key actions include reducing the amount of diesel used to fuel its heavy equipment and replacing coal as a primary energy source for its mining operations. FI asked if the company assesses its Scope 3 emissions. The company has been researching its Scope 3 emissions and formulating effective reduction strategies, such as collaborating with steel producers to achieve further efficiencies.

Social: As a large employer and community actor in its region, "support thriving communities" is one of the three major pillars of the company sustainability plan. Recently it collaborated with three other mining companies, NGOs and state organisation to launch an "Impact Catalyst" programme to support regional development, local agriculture and community impact. The company is helping to build capacity and provide opportunities through local procurement initiatives with the objective of developing multiple offsite jobs for each mining job.

FI inquired about the impact of COVID-19 pandemic for the employees and the mine operations. The company implemented COVID protocols, reduced mine operations to 50% capacity until May 2020 and encouraged vaccination drives for employees and their family members when the vaccines became locally available. These policies ensured that the infection rate among the employee base remained around 2% maximum. The company stated that it supported the community by funding local intensive care wards.

OUTCOME

The company has a strong sustainability programme. FI will monitor progress on the sustainability programmes and commitments made by the company.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL ENGAGEMENT



REGION: DM NORTH AMERICA

SECTOR: INDUSTRIALS

ISSUE: CLIMATE RISK

STATUS: ONGOING

OBJECTIVE

Update meeting.

SUMMARY

FI held a follow up meeting with North American industrials company to discuss its progress on sustainability initiatives. The company has a robust programme that includes strong corporate governance measures and a diverse board of directors. The company achieved nearly all of its 2020 targets in the categories of Safety, GHG Emissions (Scope 1 and 2), Energy Intensity, Recycling/Landfill, and Water Use, and is now focused on its 2025 objectives.

The company is currently assessing its Scope 3 GHG emissions to determine where reductions may be achieved. This includes travel, supply chain assessment (in some cases down to the commodity level), and customer use of products. The company has been innovative in improving processes to reduce waste and sees additional opportunities in recycling and clean technology. FI encouraged the company to continue its progress on Scope 3 emissions.

OUTCOME

Ongoing engagement.

SOCIAL ENGAGEMENT



REGION: DM EUROPE

SECTOR: ENERGY

ISSUE: HUMAN RIGHTS

STATUS: ONGOING

OBJECTIVE

Take steps to address business-related human rights risks in Myanmar.

SUMMARY

FI collaborated with 35 other institutional investors regarding the company's human rights-related business risks in Myanmar. The global energy company has a longstanding partnership with a state-owned enterprise to extract natural energy resources in the country. In February 2021, Myanmar's military overthrew the country's democratically elected government, which was followed by reports of widespread human rights violations among Myanmar's civilian population.

The company has a robust human rights programme, and investors asked the company to take steps to protect the safety of its workforce and ensure that the company is not complicit in enabling human rights abuses. The company stated that it decommissioned a new project in Myanmar, suspended some cash distributions related to the existing project, and provided additional disclosure regarding other revenue payments. It also acknowledged the challenges of caring for its workforce and described efforts to protect them from prison or forced labor.

OUTCOME

Investors expressed appreciation for the steps the company has taken and asked for a follow up meeting in Q1 2022.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & SOCIAL ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: MATERIALS

ISSUE: CLIMATE RISK, BIODIVERSITY,
POLLUTION & WASTE, HUMAN CAPITAL

STATUS: ONGOING

OBJECTIVE

Initiate engagement dialogue to discuss the company's sustainability strategy and disclosures.

SUMMARY

Environmental: The company's products are crucial inputs to the growth of global EV batteries and charging infrastructure, and it hopes to leverage its products to realise positive climate impacts. The company has appointed an experienced leader to the new position of Global Director of Sustainability. The company has a number of internal targets on sustainability, but it has not publicly disclosed many sustainability-related goals.

Scope 1 & Scope 2 emissions for its global operations are disclosed, but it does not yet measure Scope 3 emissions. Its manufacturing process is highly reliant on energy inputs so the company is prioritising energy efficiency and intensity reduction through modernisation of equipment, improvement of technologies, and process optimisation. FI encouraged the company to keep pace with its competitors by setting ambitious emissions reduction targets.

The company is committed to minimising and reducing hazardous and chemical waste. A recent waste generation assessment identified strategic actions the company can take to recycle

metals to avoid landfills. FI requested the company improve its disclosure on these metrics.

Social: FI inquired if the company sets health and safety (H&S) performance targets and if they apply to contractors. The company maintains a comprehensive H&S approach guided at the regional, facilities and business unit level. The operating plans include H&S goals on injury and severity rates and sharing best practices globally, extended to its contractors.

OUTCOME

The company's products are important to the global transition to a low carbon economy. It is building a well-rounded sustainability programme, and FI intends to reengage in 2022 regarding specific sustainability performance targets.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & SOCIAL ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: UTILITIES

ISSUE: CLIMATE RISK

STATUS: CONCLUDED

OBJECTIVE

Gather information on the company's sustainability initiatives and the future of green energy opportunities. Understand the company's views on offshore wind energy given Biden Administration's recent policy changes.

SUMMARY

FI initiated an engagement with an American utilities company to inquire about its views on the profitability and future of offshore wind in the U.S., related to the Biden Administration's announced plans to scale up offshore wind energy by opening up leases on federal waters and offering federal government support. The company, which is an industry leader in onshore wind generation, stated that offshore wind is not a profitable endeavor for the company when compared to its advantageous positions in onshore wind, solar and battery storage. However, the company is using its expertise to bid for construction of subsea transmission lines to capitalise on the growth in offshore wind without direct exposure.

FI asked the company's thoughts on further opportunities in green technology. It believes solar will become a primary energy source particularly in the Southeastern U.S. as it is more reliable and profitable than wind, and is cost comparable to natural gas. The company noted its long term site plan, which expects solar to

become nearly 20% of generation capacity (six times its existing solar capacity) while adding no new natural gas plants. Longer term, increased solar and existing natural gas capacity will be supported by expanding battery storage capacities in order to achieve full decarbonisation in the utility sector. The company is focusing on battery storage technology, which is the enabler for renewables as it backstops intermittent renewable resources.

In terms of disclosures related to climate transition disclosures, majority of the company's operational emissions is in generation. The company does not currently measure and report its Scope 3 emissions, except for business travel. We encouraged the company to expand its Scope 3 emission reporting as much as possible and commended its current Scope 1 reporting.

OUTCOME

Additional outreach is not planned at this time.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	CONSUMER DISCRETIONARY
ISSUE:	BIODIVERSITY, POLLUTION & WASTE MANAGEMENT
STATUS:	ONGOING

OUTCOME

FI will continue to monitor its well-developed sustainability programme, including the company's response to the responsible and sustainable sourcing of materials and performance on its impact targets.

OBJECTIVE

Follow-up dialogue to company policies on sustainable sourcing of materials and plastics and waste prevention initiatives.

SUMMARY

FI inquired how the company's newly released impact targets address sustainable sourcing, and how far the targets go down the supply chain. The company stated that the targets include many individual targets, each of which has numerous functional targets that roll up to each impact. Therefore, the company cannot achieve its targets unless the sourcing is sustainable.

In the previous cycle of the company's goals, it did not meet its targets on plastics and waste prevention. FI inquired what steps the company is taking to address the missed targets. The company responded that while it did not meet its strict target on the previous goals, it is implementing a few activities to meet the new waste prevention targets. For example, the company is going to enhance its approach and incorporate 'circularity' to achieve per-unit waste reduction in manufacturing, distribution, packaging and headquarters. Another target is to divert 100% waste from landfill in its extended supply chain with at least 80% recycled back into its products and other goods. Waste management starts at the drawing board, so the company is reviewing its products during the design phase to improve circularity and reduce waste.

ENGAGEMENT HIGHLIGHTS

GOVERNANCE ENGAGEMENT



REGION:	DM EUROPE
SECTOR:	INFORMATION TECHNOLOGY
ISSUE:	RISK OVERSIGHT & ETHICS
STATUS:	ONGOING

OBJECTIVE

Receive updates on the compliance programme changes in light of allegations of bribery.

SUMMARY

Through our service provider, FI co-signed an engagement dialogue regarding an alleged failure to prevent bribery in South Africa and to understand the company's remedial efforts and enhanced compliance procedures.

The company is under investigation by South African authorities for its alleged bribery payments to win state contracts. In its 2020 integrated report the company reported that an internal investigation regarding the allegations is ongoing while it continues to cooperate and communicate with the relevant authorities. The report states that the company has increased the number of compliance staff in its Africa unit and eliminated commission on public sector deals in high-risk markets.

FI and other investors met with the Chief Compliance Officer, who described the company's comprehensive compliance overhaul, including:

- risk-based approach to focus on high-risk markets for identifying and remediating the compliance weaknesses;
- a robust compliance team with localised staff for key markets;

- updated number of compliance policies, such as eliminating third party sales commissions globally;
- extensive annual staff training programmes; and
- revamp its whistleblower tool to ensure it is an independent and safe channel for employees and stakeholders. The tool is now accessible in multiple languages and enables 24 hour reporting.

The company also strengthened its governance structure so that the new Chief Compliance Officer reports directly to the CEO and reports quarterly to the audit committee of the board. Any significant whistleblower reports are reported to the audit committee on a quarterly basis too.

OUTCOME

FI is encouraged by the steps the company has taken and will monitor developments related to the ongoing investigations along with the efficacy of the compliance enhancements.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



REGION: EM ASIA



SECTOR: HEALTH CARE

ISSUE: SOCIAL IMPACT, RISK OVERSIGHT & ETHICS

STATUS: CONCLUDED

The company is poised to gain competitive advantage while facilitating patient access to best-in-class medicines.

OUTCOME

Additional outreach is not planned at this time.

OBJECTIVE

Informational dialogue with the company to understand its governance and regulatory priorities to enhance access to medicines in China.

SUMMARY

FI met with the CFO of a Chinese pharmaceutical company to discuss governance and regulatory issues surrounding its efforts to enhance access to medicines in China. China's pace of pharmaceutical drug development lags Western counterparts due to the country's strict regulatory requirements. The company is a pioneer in data harmonisation programmes that aim to allow non-Chinese clinical trial data to be used in Chinese drug approval decisions, bringing Chinese regulatory processes closer to U.S. practices.

A key to pursuing licenses for cutting-edge medicines and rare disease drugs developed elsewhere (typically the U.S.) is avoiding the need to duplicate time-consuming and expensive clinical trials. The company's data sharing programmes facilitate expedited licenses for new or best-in-class drugs from Western pharmaceutical companies, thereby providing a bridge for access into the Chinese market.

The company is involved in lobbying and working with Chinese government agencies to optimise drug approval policies. Recently, Chinese regulators modernised drug approval standards in an effort to drive new and innovative developments in biotech.

DISCLOSURES

Source: Fisher Investments Research, as of December 2021.

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 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 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, 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.

Fisher Investments Europe Limited, which also trades as Fisher Investments Europe, is authorised and regulated by the Financial Conduct Authority (FCA Number 191609) and is registered in England (Company Number 3850593). Fisher Investments Europe has its registered address at: Level 18, One Canada Square, Canary Wharf, London, E14 5AX. Fisher Investment Europe's parent company is Fisher Investments (FI), a U.S. investment adviser registered with the Securities and Exchange Commission. As of 31 December 2021, FI and its subsidiaries managed or sub-managed \$208 billion. FI and its subsidiaries maintain four principal business units – Fisher Investments Institutional Group (FIIG), Fisher Investments Private Client Group (FIPCG), Fisher Investments International (PCGI), 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 2021. Since Inception, Fisher Investments and its subsidiaries have been 100% Fisher-family and employee owned.

- Fisher Investments Europe Limited (FIE) is authorised and regulated by the Financial Conduct Authority. It is registered in England, Company Number 3850593. Fisher Investments (FI) is an investment adviser registered with the United States Securities and Exchange Commission. FIE is wholly-owned by Fisher Asset Management, LLC, trading as Fisher Investments, which is wholly-owned by Fisher Investments, Inc. Since inception, Fisher Investments, Inc. has been 100% Fisher-family and employee-owned.
- FIE delegates portfolio management to FI. FI's Investment Policy Committee is responsible for all strategic investment decisions. FIE's Investment Oversight Committee (IOC) is responsible for overseeing FI's management of portfolios that have been delegated to FI.
- This presentation relates to the Fisher Investments Institutional Group (FIIG) strategy sub-managed by FI.
- 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 document may be considered advertising within the meaning of article 68(1) of the Swiss Financial Services Act dated June 15, 2018 (status as of January 1, 2020).
- This document has been approved and is being communicated by Fisher Investments Europe Limited.

TERMS OF BUSINESS

Fisher Investments Europe Limited (FIE) is authorised and regulated by the Financial Conduct Authority. Registered in England, Company No. 3850593.

1. Fisher Investments Europe

Fisher Investments Europe Limited trades under the name Fisher Investments Europe ("**Fisher Investments Europe**"), is registered in England (Company No. 3850593) and is authorised and regulated by the UK Financial Conduct Authority ("**FCA**") (FCA No. 191609). Fisher Investments Europe's permitted business is agreeing to carry on a regulated activity, managing investments, advising on investments, making arrangements with a view to transactions in investments, arranging deals in investments, dealing in investments as agent, advising on pension transfers and pension opt-outs, and insurance mediation. You can check this on the FCA's register by visiting the FCA's website www.fca.gov.uk/register/home.do or by contacting the FCA on +44 0845 606 1234. The FCA's address is 25 The North Colonnade, Canary Wharf, London, E14 5HS.

2. Communications

Fisher Investments Europe can be contacted by mail at Level 18, One Canada Square, Canary Wharf, London, E14 5AX; by telephone on +44 0800 144 4731; or by email to FIEOperations@fisherinvestments.co.uk. All communications with Fisher Investments Europe will be in English only. Fisher Investments Europe's web address is <https://institutional.fisherinvestments.com/engb>.

3. Services

These Terms of Business explain the services offered to professional clients and will apply from when Fisher Investments Europe begins to advise you. Fisher Investments Europe offers restricted advice only (meaning it does not offer independent advice based on an analysis of the whole of the market and does not recommend investment management services of companies other than Fisher Investments Europe or its affiliates). As part of its services, Fisher Investments Europe seeks to:

- a) Reasonably determine your client categorisation;
- b) Understand your financial circumstances and investment aims to determine whether the full discretionary investment service described in Clause 4 and the proposed investment mandate and accompanying benchmark(s) (or an Undertaking for Collective Investment in Transferable Securities ("UCITS") with a similar mandate and benchmark for which Fisher Investments Europe's parent company serves as investment manager) are suitable for you;
- c) Explain features of the investment strategy;
- d) Describe investment performance as it relates to the investment strategy;
- e) Provide a full explanation of costs;
- f) Assist in the completion of documentation;
- g) Where specifically agreed, review your position periodically and suggest adjustments where appropriate.

Fisher Investments Europe will not provide ongoing services unless you enter into an agreement for discretionary investment management services or invest in a UCITS as described in [Clause 4](#).

4. Discretionary Investment Management Service and Investments

To help you achieve your financial goals, Fisher Investments Europe may offer its discretionary investment management services. In such case, Fisher Investments Europe will outsource the portfolio management function and trading functions to its affiliates. In particular, the portfolio management function will be outsourced to Fisher Investment Europe's parent company, Fisher Asset Management, LLC, trading as Fisher Investments ("**Fisher Investments**"), which is based in the USA and is regulated by the US Securities and Exchange Commission (SEC). In addition, trading functions may be carried out by Fisher Investments Europe, its affiliate, Fisher Investments Luxembourg, Sàrl ("**FIL**"), which is based in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier (CSSF), Fisher Investments, or other affiliates (each, a "**Trading Delegate**"). Fisher Investments Europe may also outsource certain ancillary services to Fisher Investments, Fisher investments Ireland, or other affiliates.

Subject to applicable regulations, for qualified investors Fisher Investments Europe may recommend an investment in UCITS regulated by the Central Bank of Ireland and for which Fisher Investments serves as investment manager.

5. Client Categorisation

Fisher Investments Europe deals with both retail clients and professional clients. All clients and potential clients who deal with Fisher Investments Europe's institutional directors (sales) ("**Institutional Directors**"), will be treated as professional clients, either through qualification as a professional client or, in the case of local municipal authorities, through opting up to be treated as a professional client. Accordingly, you are categorised as a professional client. You have the right to request re-categorisation as a retail client which offers a higher degree of regulatory protection, but Fisher Investments Europe does not normally agree to requests of this kind.

TERMS OF BUSINESS

Fisher Investments Europe Limited (FIE) is authorised and regulated by the Financial Conduct Authority. Registered in England, Company No. 3850593.

6. Financial Services Compensation Scheme ("FSCS")

Whilst the activities of Fisher Investments Europe are covered by the FSCS, compensation under the FSCS in the event Fisher Investments is unable to meet its liabilities because of its financial circumstances is only available to eligible claimants. Because you have been categorised as a professional client, you are unlikely to be eligible. In addition, the protections of the UK regulatory regime, including the FSCS, do not apply in relation to the services of Fisher Investments or any non-UK service providers or to the extent your assets are invested in non-UK funds or ETFs. In the event you are eligible and do have a valid claim, the FSCS may be able to compensate you for the full amount of your claim up to £85,000 per person per firm. You can contact Fisher Investments Europe or the FSCS (www.fscs.org.uk) in order to obtain more information regarding the conditions governing compensation and the formalities which must be completed to obtain compensation.

7. Risks

Investments in securities present numerous risks, including various market and currency fluctuation, political, economic and political instability, differences in financial reporting, liquidity risk, interest rate risk, credit risk, and other risks, and can be very volatile.

Investing in securities can result in a loss, including a loss of principal. Using leverage to purchase and maintain larger security positions will increase exposure to market volatility and risk of loss and is not recommended. Investments in securities are only suitable for clients who are capable of undertaking and bearing a risk of loss. Specific risks associated with particular types of securities that may be held in your account are explained further below.

Past performance is not a guarantee nor a reliable indicator of future investment returns. Fisher Investments Europe cannot guarantee and makes no representation or warranty as to future investment returns or performance. There is no guarantee for avoidance of loss, which is impossible with investments in securities, and you have not received any such guarantee or similar warranty from Fisher Investments Europe or any representatives thereof.

Depending on your investment strategy, Fisher Investments Europe may invest in the following types of securities, which carry the following risks:

Investments in smaller companies may involve greater risks than investments in larger, more mature companies. Investing in derivatives could lose more than the principal amount invested in those instruments. Various investment techniques used by Fisher Investments Europe may increase these risks if market conditions are not accurately predicted.

Equity securities prices may fluctuate in response to many factors, including general market conditions, specific sector and country issues, and company specific information or investor sentiment. Individual equity securities may lose essentially all their value in the event of bankruptcy or other insolvencies of the underlying issuer.

Fixed income securities are subject to various risks, including price fluctuation due to changes in the interest rate environment, market liquidity, changes in credit quality of the issuer, prepayment or call features of the securities, and other factors, including issuer default. While some fixed income securities are backed by the full faith and credit of a sovereign government, this does not prevent price fluctuations nor fully eliminate the risk of default. If fixed income securities are not held to maturity, they may realise losses.

Using borrowed funds to purchase and maintain larger security positions will increase exposure to market volatility. In a declining market, investment losses may be substantially increased, occur more rapidly, or become realised. Fisher Investments Europe does not typically employ margin leverage (gearing) on the overall strategy, but may employ some leverage directly or indirectly as a defensive technique (e.g. margin borrowing of securities to sell short for hedging purposes), or indirectly on a limited basis through individual derivative securities, as described more fully below.

If Fisher Investments forecasts a prolonged and substantial market downturn, Fisher Investments Europe may adopt defensive posturing for your account by investing substantially in fixed income securities, money market instruments, structured or exchange traded notes, put options or other derivatives on securities or indexes or ETFs, selling short securities or ETFs, and other hedging techniques. There can be no guarantee that Fisher Investments will accurately forecast any prolonged and substantial downturn in the market, that Fisher Investments Europe will adopt a defensive strategy, or that the use of defensive techniques would avoid losses.

Derivatives typically derive their value from the performance of an underlying asset, interest rates or index. The price movements of derivatives may be more volatile than those of other securities and result in increased investment risk. Many of these investments may not enjoy as much liquidity as other securities.

Short sales may be used to fully or partially hedge other investments or to seek returns unrelated to other investments. "Short sales" means the borrowing of a security for a period of time and selling the borrowed security on the market; the seller is then required to buy the security on the market at a later time before it is due to be returned. Short sales result in gains or losses depending on whether the price of the security increases versus the price at the time of the short sale (which results in a loss) or decreases versus the price at the time of the short sale (which results in a gain). The loss from a short sale is theoretically unlimited depending on how much the security sold short increases in value.

Structured notes and ETNs are debt instruments whose return is derived from the performance of a reference index or other underlying securities or investments. The performance of a note is determined primarily by the performance of the underlying investments; therefore, despite technically being a corporate debt instrument, notes can be designed to provide returns similar to other asset classes. These notes may include leverage, which increases risk and volatility. These notes are issued by third-party financial institutions, at the request of Fisher Investments, and thus bear the credit risk of those entities. Whilst a feature of such notes is a maturity date, they may be sold in the market or redeemed with the issuer before maturity. Given the limited number of market makers involved in quoting a given note, price dislocation versus fair value may occur should limit orders not be utilised when sold in the open market. Alternatively, such notes may be redeemed daily back to the issuer, minus a redemption fee specific to each issuer (generally close to 0.10%), implicitly charged in the execution price.

TERMS OF BUSINESS

Fisher Investments Europe Limited (FIE) is authorised and regulated by the Financial Conduct Authority. Registered in England, Company No. 3850593.

8. Data Protection

To offer and provide the services described in Clause 3, Fisher Investments Europe may collect and process personal data that is subject to data protection laws, in accordance with its Privacy & Cookie Policy. You acknowledge the Privacy & Cookie Policy, which can be found here: <https://www.fisherinvestments.com/en-gb/privacy>.

9. Custody and Execution

None of the Fisher Investments group companies (the "Fisher Group"), including Fisher Investments Europe, are authorised to hold client money. No Fisher Group company will accept cheques made payable to any of the Fisher Group companies in respect of investments, nor will they handle cash. All client assets are held at external custodian banks where each client has a direct account in their own name.

If you appoint Fisher Investments Europe as your discretionary asset manager, Fisher Investments Europe will arrange (including through its Trading Delegates) for the execution of transactions through selected custodian banks and brokers and at such prices and commissions that it determines in good faith will be in your best interests. Further information regarding selection of brokers is governed by your investment management agreement ("IMA") with Fisher Investments Europe. Fisher Investments Europe does not structure or charge its fees in such a way as to discriminate unfairly between execution venues.

The brokers and dealers to which your transactions may be allocated will use various execution venues, including without limitation:

- a) Regulated Markets in the USA or elsewhere (usually those exchanges where companies have their primary listing and other exchanges on which their securities are admitted to trading);
- b) Multi-Lateral Trading Facilities ("MTF") and Organised Trading Facilities ("OTF") in the USA or elsewhere (i.e. a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract);
- c) Systematic Internalisers (which are investment firms dealing as principal and providing liquidity on a systematic basis);
- d) Other liquidity providers that have similar functions to any of the above;
- e) Counterparties that may access the above venues on behalf of Fisher Investments Europe and/or its Trading Delegates (or their clients) or trade on their own account.

You must be notified and approve of any off-venue trades prior to execution unless previously agreed to by you directly with the custodian. As a result of brokers/dealers using the execution venues mentioned above, your transactions may be executed on an execution venue that is neither a regulated market in the European Union nor an MTF in the European Union and therefore you will be required to expressly consent to the execution policy of Fisher Investments Europe by signing the IMA.

Fisher Investments Europe's top five trading venues are listed on its website.

Generally, financial instruments will not be affected if a custodian suspends payments or goes bankrupt. This is due to the fact that you will normally be able to take possession of your financial instruments based on the custodian's registration of your rights. Generally, it is only if the custodian fails to handle your financial instruments or register your rights correctly where you may not be able to take possession of the financial instruments.

If you appoint Fisher Investments Europe as your discretionary asset manager, you will receive a periodic statement every calendar quarter. This statement compares the performance of your account with that of a relevant benchmark in order to facilitate the assessment of performance achieved by the account. For performance, management fee calculation and reporting purposes, exchange traded equity securities are valued based upon the price on the exchange or market on which they trade as of the close of business of such exchange or market. All equity securities that are not traded on a listed exchange are valued using a modelled estimate of the bid price, also known as a bid evaluation, provided by Fisher Investments Europe's primary pricing service. Fixed income securities are valued based on market quotations or a bid evaluation provided by Fisher Investments Europe's primary pricing service. All securities are valued daily given a price from Fisher Investments Europe's primary pricing service is provided; otherwise, all securities are valued on at least a monthly basis.

10. Conflicts of Interest

Fisher Investments Europe has a conflicts of interest policy to identify, manage and disclose conflicts of interest. Fisher Investments Europe, its affiliates or any of their employees or representatives may have with a client of Fisher Investments Europe, or that may exist between two clients of Fisher Investments Europe. Fisher Investments Europe's conflicts of interest policy covers gifts and favours, outside employment, client privacy, inadvertent custody, marketing and sales activities, recommendations and advice, and discretionary investment management services. Institutional Directors of Fisher Investments Europe are paid a variable component of their total remuneration, calculated as a percentage by reference to management fees paid to Fisher Investments Europe during the first three to ten years of a client relationship. Such remuneration will not increase or impact the fees payable by you. Fisher Investments Europe and Fisher Investments have a financial incentive for Fisher Investments Europe to manage client assets. Details on Fisher Investments Europe's conflicts of interest policy are available on request.

TERMS OF BUSINESS

Fisher Investments Europe Limited (FIE) is authorised and regulated by the Financial Conduct Authority. Registered in England, Company No. 3850593.

11. Fees

If you enter into an IMA with Fisher Investments Europe, you will pay management fees to Fisher Investments Europe as detailed in the IMA. Fisher Investments Europe will pay a portion of such management fees to Fisher Investments as the sub-manager. If you invest in a UCITS fund managed by Fisher Investments, Fisher Investments will receive its management fee indirectly through the UCITS. Fisher Investments Europe does not charge a separate fee for its introducing or distribution services. You will also incur transaction and custody fees charged by brokers and custodians. However, any such additional fees will be payable directly to those brokers/custodians, and no Fisher Group company will receive any commission or other remuneration from those brokers/custodians.

12. Termination

If you wish to cease using the services of Fisher Investments Europe at any time, then send notification in writing and the arrangement will cease in accordance with the IMA. However, if a transaction is in the middle of being arranged on your behalf at that time and it is too late to unwind it, then the transaction may need to be completed first.

13. Complaints

Fisher Investments Europe seeks to provide a high standard of service to clients at all times. If you have a complaint about services, please contact Fisher Investments Europe:

by writing to: Head of Compliance
Fisher Investments Europe Limited
Level 18, One Canada Square
Canary Wharf, London, E14 5AX
or by calling: +44 0800 144 4731

Fisher Investments Europe will endeavour to resolve the matter, as soon as practicable and generally within 8 weeks. If you are dissatisfied with the outcome of any complaint made to Fisher Investments Europe, or you do not receive a response within such time, you may be eligible to complain directly to the UK Financial Ombudsman Service ("FOS"). Further details in respect of FOS can be found at www.financial-ombudsman.org.uk.

14. Governing Law

These Terms of Business are governed by, and will be construed in accordance with, the laws of the England.