



ENGAGEMENT REPORT  
Q3 2022

# 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 maximizes 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



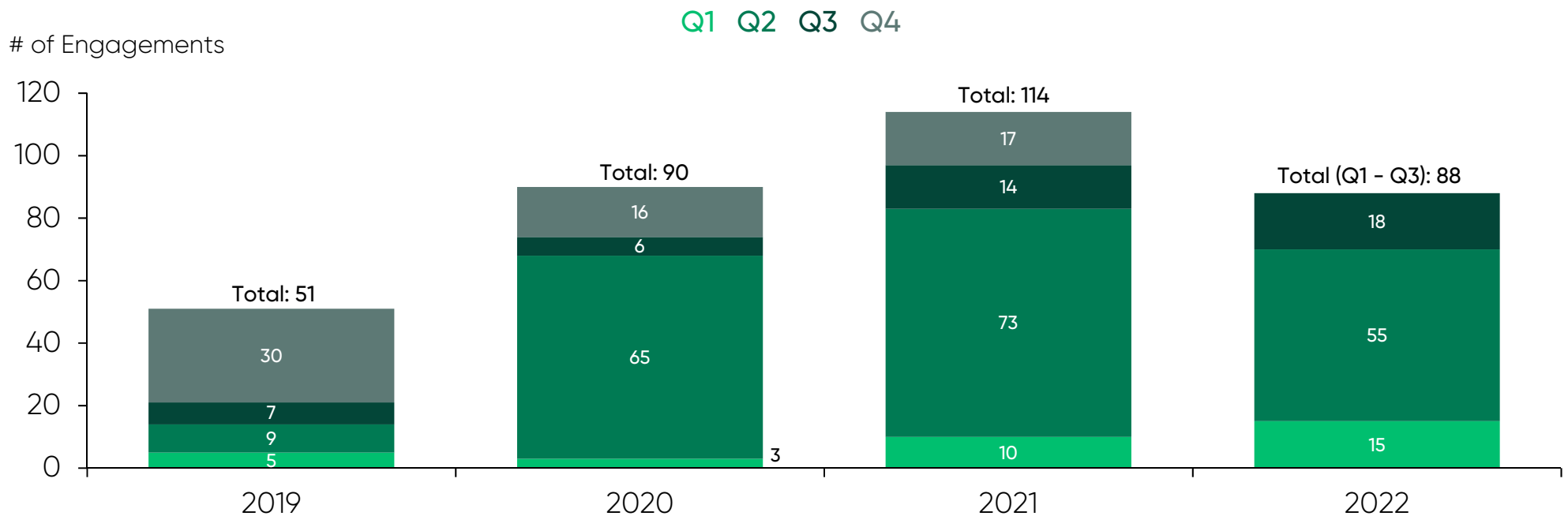
## EACH ENGAGEMENT IS:

- ✓ 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?"**

# Q3 2022 ENGAGEMENT HIGHLIGHTS

- Engagement Milestone:** An American energy company announced it is incorporating ESG metrics into its executive compensation plan. We initially spoke to the company in Q4 2021, after its executive compensation plan received only 46% support from investors. At that time, we encouraged the Compensation Committee chair to consider including ESG metrics as non-financial metrics of its performance plan. In September, the company disclosed that it has introduced ESG metrics on sustainability and diversity & inclusion as 20% of the total short-term incentive, which represents a milestone in the engagement.
- Engagement Milestone:** An American industrial major announced that it will disclose Scope 3 greenhouse gas emissions data in 2023. When we met with the company, we encouraged the adoption of Scope 3 emissions reduction targets – a relevant issue because the company is in a carbon-intensive industry with significant climate-related business risk. Measuring Scope 3 emissions and disclosing the data are prerequisite milestones on the path toward a Scope 3 emissions reduction target.
- CDP:** FI participated in CDP’s (formerly Carbon Disclosure Project) 2022 Non-Disclosure Campaign, which request companies to report to the CDP using the organization’s Climate, Water and/or Forest disclosure questionnaires. By the end of Q3 2022, this engagement initiative had a 22% overall success rate, which is slightly above our expectations. Four of the companies successfully submitted to the CDP after our multi-year engagement efforts.

## Year Over Year Engagement Activity, Broken Down by Quarter



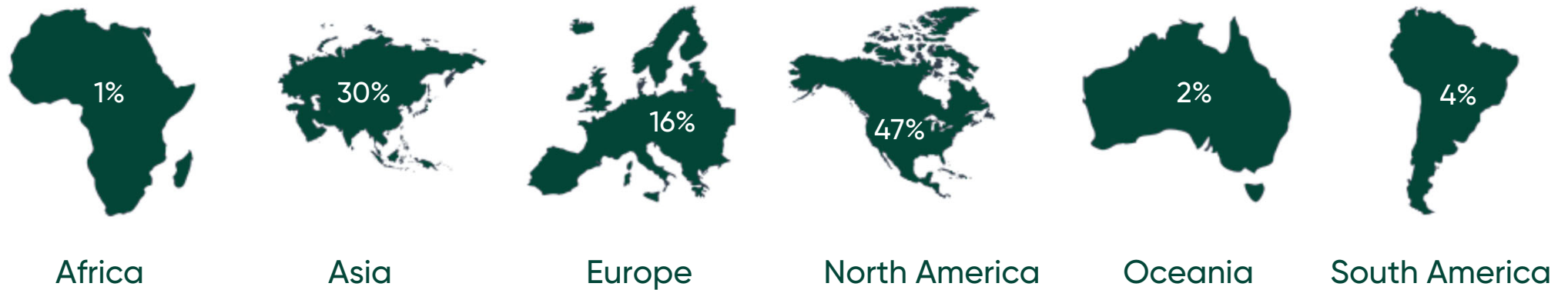
Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries from Q1 2019 – Q3 2022.



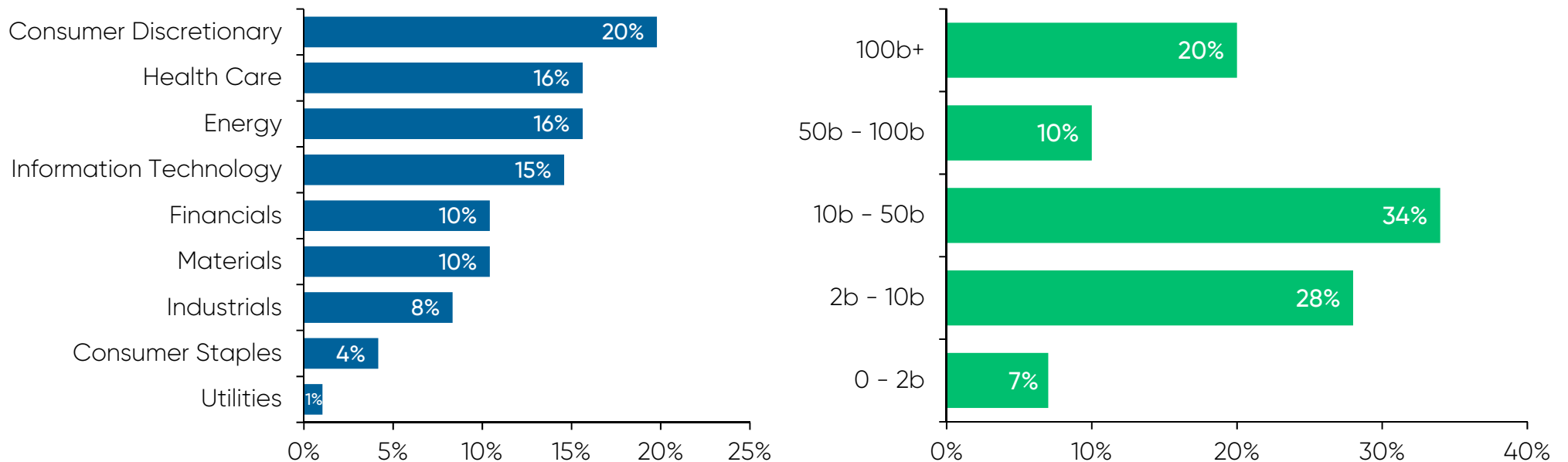
# ENGAGEMENT DISTRIBUTION

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

Domicile of Engaged Companies, Trailing 1 Year as of Q3 2022



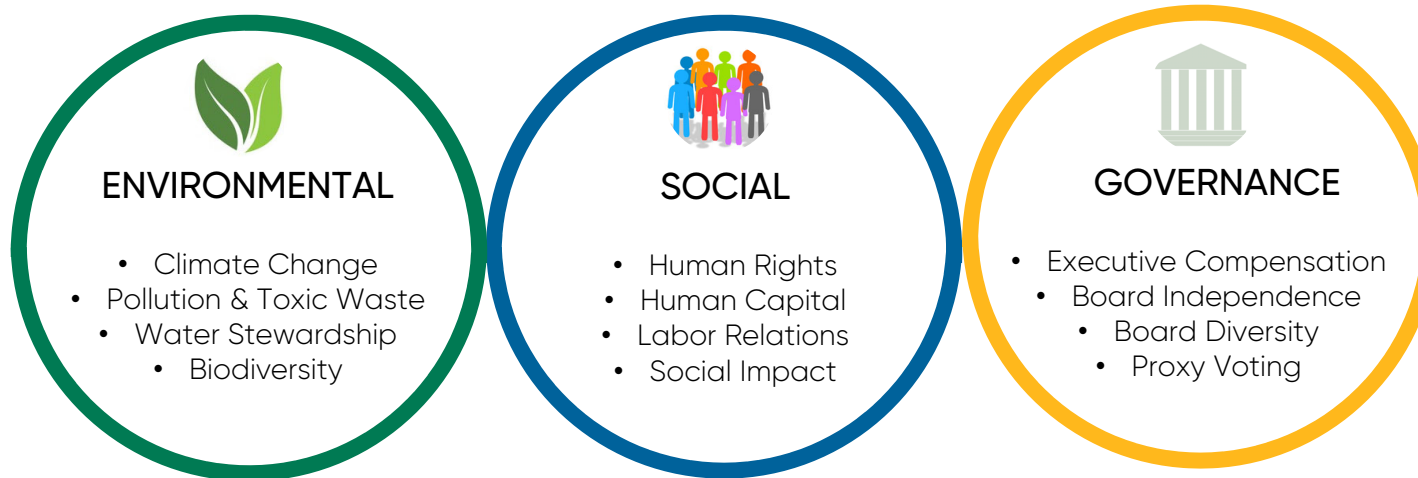
Engaged Companies by Sector & Market Cap (USD billions), Trailing 1 Year as of Q3 2022



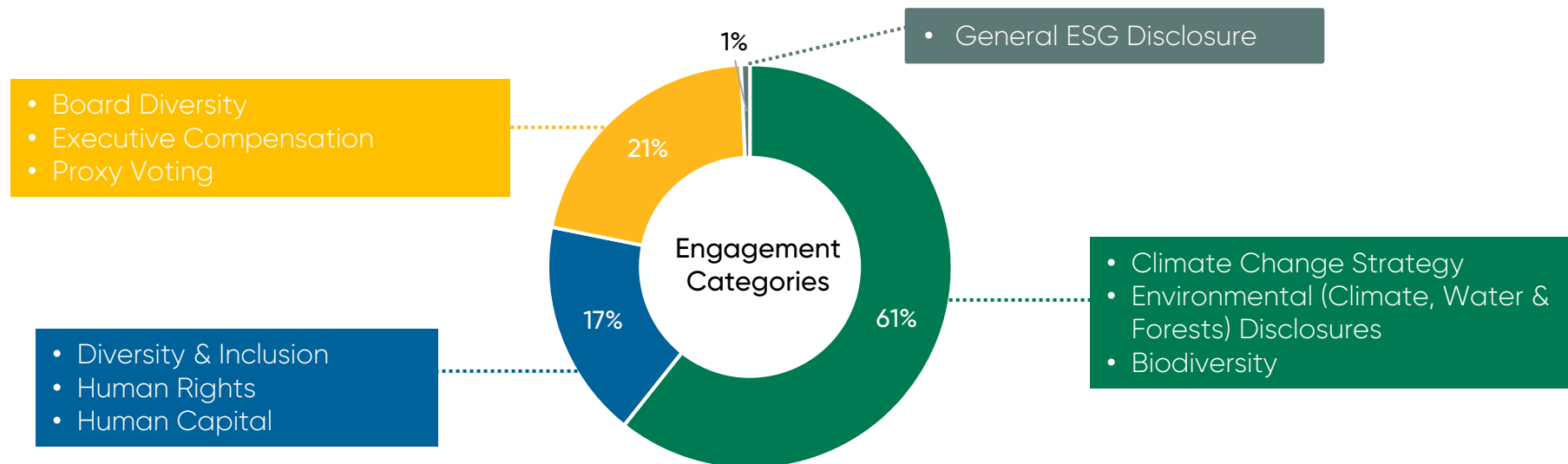
Source: FI data using Factset domicile, sector, and market capitalization designations. Percentages above may not add up to 100% due to rounding. Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q3 2022. MercadoLibre is listed on the NASDAQ, but headquartered in Argentina. It has operations in Latin America and Portugal, with over 98% of revenues derived from Latin America.

# ESG ENGAGEMENT FOCUS AREAS

We prioritize multiple issues in each ESG category.



Engagement topics by proportion of the E, S, and G categories as of Q3 2022 (Trailing 1 Year)



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q3 2022. Percentages above may not add up to 100% due to rounding.

# ENGAGEMENT HIGHLIGHTS

## SOCIAL & GOVERNANCE ENGAGEMENT



**SECTOR:** CONSUMER DISCRETIONARY



**TOPIC:** REGULATORY ACTIONS;  
EMPLOYEE RELATIONS;  
COLLECTIVE BARGAINING & UNIONS

**STATUS:** ONGOING

### OBJECTIVE

Status update on pending regulatory action in Italy and the company's policies on labor rights and collective bargaining in several countries.

### SUMMARY

FI co-signed an engagement with an American multinational company through our service provider to seek the company's position on regulatory action in Italy and labor rights concerns in various countries. In March, FI had contacted the company regarding reports that the Italian Competition Authority (ACGM) had fined its subsidiaries for anti-competitive behavior. The company provided a substantive response and stated its intent to appeal the fine.

*Regulatory Action in Italy:* In 2021 the Italian Competition Authority (AGCM) fined the company €1.1 billion for anti-competitive behavior. According to the AGCM, the company linked its logistics service with exclusive benefits. Consequently, vendors who prefer not to use the service are restricted when placing their orders. The inquiry asked the company to provide its proposed course of action until the issue is resolved and any remedial measures planned by the company.

The company has successfully appealed to a regional administrative court in Italy to suspend the implementation of AGCM's decision and the currently pending final decision on the merits of the appeal. The company

disagreed with the decision of the AGCM and maintained that the proposed fine and remedies are unjustified and disproportionate. The company also highlighted that small and medium-sized businesses have multiple channels to sell their products both online and offline. Furthermore, the logistics service is a completely optional service. The company provides an additional optional alternative to the logistics service that allows sellers to handle the fulfillment themselves.

*Labor Rights in Several Countries:* We asked the company to address labor rights and workforce issues, including working conditions in the U.S. the U.K, Spain, Italy and Germany; the (potentially) excessive use of temporary and subcontract labor; and collective bargaining. Regarding the labor rights violations, the company responded that its communications with the employees do not contradict its Global Human Rights Principles and are conducted in full compliance with applicable laws. The information sessions with employees during the union campaigns in the U.S. are routine, lawful, and protected under U.S. federal laws and regulations, including National Labor Relations Board (NLRB) precedent. The company globally applies or is a party to several collective bargaining agreements that cover key topics in the employment relationship, including wages, hours, and other terms and conditions of employment at national, regional, sectoral, and enterprise levels. Regarding the allegations of anti-union practices, it states that unfair labor practice (ULP) charges are only allegations and can be filed by anyone regardless of merit. The company believes that the facts and statistics demonstrate that there is no substance to the claim that the increase in ULP filings against it proves a lack of commitment to freedom of association and collective bargaining.

### OUTCOME

Ongoing engagement. FI will look to the conclusion of the regulatory process in Italy. We continue to monitor the company's practices and programs on employee well-being and labor rights concerns.

# ENGAGEMENT HIGHLIGHTS

## ENVIRONMENTAL & SOCIAL ENGAGEMENT



SECTOR: MATERIALS



TOPIC: CLIMATE CHANGE STRATEGY;  
EMPLOYEE RELATIONS

STATUS: CONCLUDED

### OBJECTIVE

Seek information on the company's emissions reduction strategy and an update on its human capital management.

### SUMMARY

FI met with a U.S. based producer of primary aluminum to understand the company's environmental priorities, climate change strategy and human capital policy.

The company has aluminum production plants in the Southeastern U.S. and Europe. As a result, the company faces varied regulatory and energy supply environments. The European smelters fall under the EU's emissions trading directive and have set ambitious emissions reduction targets to align with the Paris Agreement.

*Inputs to the Supply Chain:* In the U.S. the highly energy intensive smelting process has run into the twin challenges of soaring electricity costs and lack of a renewable energy source. The company has not taken steps to secure low-carbon energy sources and has instead depended on the electric grid operators, which in the Midwest and Southeast rely heavily on coal and natural gas. FI inquired about the potential structural impact of the recently passed Inflation Reduction Act (IRA). Although it does not directly impact the company, the IRA would provide capital to the grid operator for a green transition, which the company hopes will result in less carbon intensive energy inputs in the medium-term. Given that the company is likely to face energy-related disruptions again in the future,

we will encourage it to take steps to increase its resiliency.

*Target Setting:* Currently, the company's priorities are efficiency gains through operational optimization, use of data analysis and research into low-carbon alternatives. In 2021, the company produced record volumes of its low-carbon aluminum product, which has one of the lowest CO<sub>2</sub> footprints compared to standard aluminum. Rather than setting aspirational goals, the company is taking a deliberative approach before setting achievable and realistic emissions reduction targets in the future. We believe this to be a positive step as the company is being considerate in its approach rather than simply target setting.

*Human Capital Policy:* In August 2022, the company made the economic decision to halt operations at one of its smelters for 9 to 12 months due to unsustainable electricity costs. The closure led to the layoff of more than 600 workers. FI inquired about the wellbeing of the employees and the community impact of the closure. The company duly published the notice of closure and paid out the hourly workers for 60 days as guided by the 2021 labor agreement. Salaried employees received severance. To help the workers, the company has attempted to relocate some of them to two other facilities (one is just 15 miles away). The company hopes to reopen the plant in 2023, and it will seek to draw from the experienced pool of workers.

### OUTCOME

Currently, the company has little flexibility to address the soaring electricity costs in its U.S. operations. The broader greening of the grid supplier, along with its ability to enter into low-carbon power purchase agreements, will be decisive to its resiliency and its future emissions reduction strategy. Until then the company intends to focus on efficiency and operational gains with its calculated approach to target setting. We will look with interest to the status of operations and employee impact at the halted smelter and if the company follows its plan to reopen, which we feel will benefit the business as well as the local community.

# ENGAGEMENT HIGHLIGHTS

## ENVIRONMENTAL ENGAGEMENT



**SECTOR:** CONSUMER DISCRETIONARY

**TOPIC:** SUSTAINABLE SOURCING;  
CLIMATE CHANGE STRATEGY

**STATUS:** ONGOING

### OBJECTIVE

Encourage the company to increase supplier sustainability programs.

### SUMMARY

FI engaged an international manufacturer of household appliances to gain insight into how the South Korean company ensures that its materials are responsibly sourced. The company's main business focus is household appliances, which contain raw materials that are vulnerable to elevated human rights and environmental concerns. FI learned that the company is attentive to these risks and also suggested that the company set formal targets for assessing its suppliers on ESG issues.

*Sustainable Sourcing:* In April 2022, the company conducted ESG assessments on 30% of its 1st tier suppliers; the assessments' scope included labor rights, employee health & safety, environmental impact, business ethics and conflict minerals. During these assessments, the company investigated whether there were conflict minerals in its products and in 2021, it confirmed that conflict minerals were not used by 88.5% of 1st tier suppliers. The company also noted that they could not yet determine the percentage regarding all suppliers, as many are small to medium-sized companies that may not have the resources to respond to its requests for ESG assessments. Based on this information, the company is considering providing ESG support to its suppliers to make the assessments more feasible. FI recommended that the company establish quantitative targets for conducting ESG assessments on a higher

percentage of its suppliers. The company does not currently have a set target, but plans to increase the percentages in the medium-term. FI will continue to monitor progress in this area while providing feedback as appropriate.

*Climate Change Strategy:* FI also inquired about the company's strategy to reduce future emissions given that emissions increased in 2021. The company stated that although the opportunity to reduce emissions via its production facilities is limited, it expects it can reduce emissions through the operation of new solar power energy facilities. FI asked the company if it would be possible to disclose metrics on how its renewable transition contributes to reducing its emissions. Based on the company's current internal planning, the investments into solar should have the same effect as reducing about 1,400tn of GHG emissions by 2025, which would offset roughly 20% of the base year (2020) emissions. The company will also be taking emissions reporting a step further in the near future, as it intends to disclose supplier emissions (including Scope 3) and is also considering verification of these emissions by 3rd parties. FI was pleased with the progress in this area and will monitor the company's emissions reporting and that of its suppliers.

### OUTCOME

Ongoing engagement. We will continue to monitor progress of the company's ability to increase the percentages of supplier ESG assessments in addition to quantitative metrics that support its transition to renewable energy.



# ENGAGEMENT HIGHLIGHTS

## ENVIRONMENTAL ENGAGEMENT



**SECTOR:** CONSUMER STAPLES



**TOPIC:** CLIMATE CHANGE STRATEGY;  
GHG EMISSIONS;  
ALTERNATIVE ENERGY;  
CORPORATE GOVERNANCE

**STATUS:** ONGOING

### OBJECTIVE

Gather information on the company's sustainability governance program and a progress update on its net-zero emissions reduction target.

### SUMMARY

FI engaged a developer and producer of sustainable natural ingredients to understand the company's sustainability vision and current ESG priorities. The company is one of the world's leading producers of organic ingredients used for animal feed, edible and feed-grade fats and pet food made by collecting waste streams from the agricultural and food industries.

The company highlighted that its direct business operations prevent food waste from reaching the landfills to transform organic ingredients to nutritional materials. Its business line that collects used cooking oils and other wasted fats to produce low-emissions renewable diesel is a growing component. Given that its core operations focus on recycling and reusing organic matters towards emissions reductions, the company has identified sustainability as a core to its mission - a factor we believe to be important and a differentiator.

*Sustainability Governance:* In 2021, the Board established a new, stand-alone environmental, social and governance (ESG) committee to assist the Board in its oversight of these important areas. The company recently hired a Sustainability Director to lead its sustainability priorities, including operationalizing energy intensity reduction across programs in its global

operations.

*Renewable Diesel:* The company maintains a 50/50 joint venture with the largest US-based producer of renewable diesel. This venture collects used cooking oils and fats to refine into the renewable diesel biofuel, which has 80% lower emissions compared to fossil-fuel diesel. The company intends to achieve its commitment to increase renewable diesel production capacity by 150% by 2022. Renewable diesel biofuel is usable in existing diesel engines and various US jurisdictions and Canada offer tax credits in its production. The recently passed Inflation Reduction Act offers significant incentives for U.S. produced renewable diesel, which the company hopes to take advantage of.

*GHG Emissions Targets:* In 2021, the company set a goal to have net zero greenhouse-gas emissions by 2050 and has invested in various capital improvements at its plants to reduce energy usage and water consumption. The company intends to submit a commitment letter to the Science Based Targets Initiative (SBTi) by the end of 2022, committing to set a science-based, 1.5°C aligned greenhouse gas emissions reduction target. We view this as a positive factor showing the company's commitment to emissions reductions.

### OUTCOME

Ongoing engagement. FI will watch the company's sustainability journey with interest as it embarks on setting ambitious emissions reduction targets and how it will measure against those targets. We will also follow closely how it raises the production volume of its low-emission biofuel.

# ENGAGEMENT HIGHLIGHTS

## ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



SECTOR: ENERGY



TOPIC: EXECUTIVE COMPENSATION;  
CLIMATE CHANGE STRATEGY;  
CLEAN TECHNOLOGY

STATUS: ONGOING

### OBJECTIVE

Encourage changes to the executive compensation plan to align with performance and understand the company perspective on adhering to disclosed sustainability commitments.

### SUMMARY

Despite broad shareholder engagement and major changes to its compensation program, the say-on-pay advisory proposal received less than majority support at the 2022 annual general meeting. In response to shareholder feedback and proxy advisory recommendations, the company is considering additional changes to its long-term incentive plan to cap payouts for negative performance and increase the performance target for its primary metric, Return on Capital Employed (ROCE). FI encouraged the committee to implement the suggested change as they are best practice in the industry and would help to limit payout during periods of negative performance. The Chair of the Compensation Committee explained that the recent major changes to the program should normalize the future quantum of executive compensation and align it more closely with performance. We view this as an important enhancement to the program, which puts sustainability at the forefront of decision-making and for senior management.

*Executive Compensation Outcome:* In our initial engagement in October 2021, FI had encouraged the compensation committee to consider integrating ESG factors – sustainability and diversity & inclusion (D&I) –

for 20% of the non-financial metrics of its annual performance plan. The company's 2022 plan disclosed that it has introduced ESG metrics for 20% of the total short-term incentive, which achieved a positive outcome for a milestone in our engagement.

*Emissions Reductions Targets:* The company has set ambitious sustainability targets with the topline target of 40% Scope 1 & 2 GHG emissions reduction by 2035 from the 2018 baseline. FI inquired if the company foresees any changes or scaling back on any of the climate related commitments in light of recent public policy controversies regarding ESG commitments. The company responded that its commitments are conservative, so it has not seen any reason to change its declared commitments. As global energy markets face the twin challenges of energy security and sustainability, the company intends to forge its way forward balancing the challenges.

*Green Technologies:* FI inquired how the recently passed Inflation Reduction Act (IRA) may offer opportunities in green technology for the company and the industry. The company believes that the law will have significant impact in deploying new technologies in the energy services industry including capital to deploy carbon capture, utilization and storage (CCUS) technology on scale. The specific impact of the law and company's strategic responses is under consideration at the executive management level. The next edition of the annual and sustainability report to be published in April 2023 will report on the strategy and progress of the sustainability program.

### OUTCOME

We will look to review the program design elements and executive compensation quantum in the next round of proxy disclosures to assess alignment with performance. The responsiveness shown by the compensation committee to investor feedback, including the integration of ESG metrics in the short-term plan, is encouraging. The company's position of adherence to its science-based targets for long-term emissions reduction is positive. We will monitor the progress and continue to encourage positive change.

# ENGAGEMENT HIGHLIGHTS

## ENVIRONMENTAL ENGAGEMENT



SECTOR:

MATERIALS

TOPIC:

CLIMATE CHANGE STRATEGY;  
WATER CONSERVATION;  
WASTE MANAGEMENT

STATUS:

ONGOING

### OBJECTIVE

Information gathering on the company's sustainability program, focusing on climate change strategy, water stewardship and environmental management systems.

### SUMMARY

FI met with a mining company and learned that the company is striving to embed sustainability in nearly all aspects of operations and management. The board maintains a sustainability committee that provides oversight to its broad sustainability programs. The company also published a wide-ranging stakeholder value creation map in 2020, connecting its ideas to industry-wide entities such as the UN SDGs (Sustainable Development Goals) and TCFD (Task Force on Climate-related Financial Disclosure) requirements.

*Climate Change Strategy:* The company's emissions increased in 2020-2021, and FI inquired if the company could still meet its goal of 50% emissions reduction by 2027. The company responded that the goal remains feasible, noting that many of its capital projects require large amounts of resources up front, which contributed significantly to the increase. It is currently trialing the use of electric vehicles to move product from mine sites to ports and is reviewing more efficient ways to fly people to/from the mines. In addition, it baselined Scope 3 reporting in 2021 and is beginning substantial discussions around the topic.

*Water Conservation:* The company operates in areas of high water stress, but its water reduction targets are lower than expected. In response to our inquiry on water reduction targets, the company stated that water reduction is a constant focus, noting that it uses brackish water and does not draw any water from the Great Artesian Base, one of the only water sources in inland Australia. The company appreciated our feedback on its water reduction targets and it will provide more information regarding this topic in its 2022 Sustainability Report.

*Waste Management:* FI also inquired into the company's strategy around its Environmental Management Systems (EMS) given a data provider noted that the company lags peers in implementing ISO 14001 certifications. The company stated that the location and specific features of each operating site determines which EMS is best suited for the facility. The company welcomed our feedback and plans to provide more insights in its 2022 Sustainability Report.

### OUTCOME

Ongoing engagement. We intend to follow up on the company's progress toward its GHG emissions reduction targets and the establishment of ambitious water reduction targets.

# ENGAGEMENT HIGHLIGHTS

## SOCIAL ENGAGEMENT



SECTOR: ENERGY

TOPIC: HUMAN RIGHTS POLICY

STATUS: ONGOING

We believe the company has a good grasp of the human rights risks it faces. It does not have full control over the situation, as the Thai government is a key stakeholder and has expressed its desire for stable energy inputs.

### OUTCOME

Ongoing engagement. A follow up meeting is planned in Q4.

### OBJECTIVE

Persuade the company to take steps to address business-related human rights risks in Myanmar.

### SUMMARY

FI joined four other institutional investors to discuss the human rights-related business risks of an oil & gas company's recent expansion in Myanmar. The company has a longstanding partnership with state-owned Myanmar Oil and Gas (MOGE) and held a minority partnership in a pipeline that transports gas from Myanmar gas fields. After Myanmar's military overthrew the country's democratically-elected government in 2021, the other partners pulled out of Myanmar and the company became the sole operator of the pipeline.

The company has a well-developed Code of Conduct and it assesses human rights risks of its projects. The company understands the elevated risks of operating in Myanmar (based on many years of doing business there) and is taking additional steps to ensure the safety of its personnel. The company believes the benefit of providing energy to Myanmar and Thailand outweigh the risks. Given the current situation in Myanmar, the company is not planning any new explorations nor projects. It continues to maintain a politically neutral policy and adheres to any sanctions.

# ENGAGEMENT HIGHLIGHTS

## ENVIRONMENTAL ENGAGEMENT



SECTOR:	MATERIALS
TOPIC:	SUSTAINABLE SOURCING; WATER CONSERVATION; CLIMATE CHANGE STRATEGY
STATUS:	ONGOING

### OBJECTIVE

Discuss the company's water, climate, and supply chain sustainability programs.

### SUMMARY

The company's primary business is producing fertilizers and pesticides. We met with the company to discuss risks associated with water stress and sustainable sourcing. We also clarified the company's emissions reduction targets and internal developments in climate change strategy.

*Sustainable Sourcing:* The company recently rolled out its new Supplier Code of Conduct, which sets minimum standards around treatment of employees, health & safety, environmental impact and ethical business practices that must be met by any supplier that does business with the company. The company is also in the process of developing a 3rd party audit program to ensure that its suppliers are operating in accordance with the Supplier Code of Conduct. We believe supplier sustainability can become an area of strength for the company.

*Water Conservation:* FI also inquired into the company's water management strategy and the company stated that they are undertaking numerous initiatives in this area. These include a program at its Ohio facility that provides nutrient-rich processed water to farmers in the local community. It has also established hydraulic systems to purify water that is then used for irrigation. The company also participates in an

advisory committee, which aims to reduce runoff and protect surface water in a critical local watershed.

*Climate Change Strategy:* FI inquired if the company intends to set more ambitious medium- and long-term emissions reductions targets. The company stated that it began working with a 3rd party to complete and establish robust emissions reporting and targets, including Scope 3. Although these targets are not publicized at this point, the company noted that its goal of converting 20% of its field sales fleet to hybrid vehicles will substantially contribute to emissions reductions. This is a small aspect of a larger project the company is undertaking to evaluate ways it can reduce the impacts of energy usage.

### OUTCOME

Ongoing engagement. We have a better understanding of the company's environmental programs, and will monitor the company for additional information regarding its medium- to long-term emissions reductions targets.



# COLLABORATIVE ENGAGEMENT

## CDP NON-DISCLOSURE CAMPAIGN



REGION:	MULTIPLE
SECTOR:	MULTIPLE
ISSUE:	ENVIRONMENTAL (CLIMATE CHANGE, WATER & FOREST DISCLOSURES)
STATUS:	ONGOING

### OBJECTIVE

Persuade companies to report to CDP (formerly Carbon Disclosure Project) using the organization’s Climate, Water and Forest questionnaire templates.

### ENGAGEMENT SUMMARY

CDP manages a global environmental data disclosure platform—currently, more than 13,000 companies voluntarily report to CDP.

FI participated in CDP’s 2022 non-disclosure campaign (NDC), which pools investors to engage global companies. The goal of the engagement is to request companies to report to the CDP using the organization’s Climate, Water and/or Forest disclosure questionnaires, which serve as a valuable resource for comparable data for investors and stakeholders.

On behalf of CDP 2022 NDC, in Q2 2022 FI initiated collaborative engagements with 38 companies in 10 countries listed in the tables to the right and on the following page either as a lead investor or a co-signer.

### OUTCOME

By the end of Q3 2022, this engagement initiative had a 22% overall success rate, which falls slightly above our expectations. Four companies successfully completed one of the questionnaires after multi-year engagement efforts, showing the value of re-engagement.

## FI AS LEAD INVESTOR

*Lead investor denotes FI’s role as the primary conductor of engagements in collaboration with a global pool of institutional investors and asset managers.*

Domiciled Country	# of Companies
USA	11
China	5
Japan	2
Republic of Korea	1
Israel	1

## FI AS CO-SIGNATORY

Domiciled Country	# of Companies
USA	8
China	5
UK	1
Taiwan	1
Germany	1
Brazil	1
Singapore	1

# PROXY ENGAGEMENTS



REGION:	MULTIPLE
SECTOR:	MULTIPLE
ISSUE:	GOVERNANCE – PROXY VOTING
STATUS:	CONCLUDED

## OBJECTIVE

Gather information or provide feedback on proxy-related governance topics.

## ENGAGEMENT SUMMARY

To the extent FI is authorized and directed to vote proxies on behalf of a client pursuant to the applicable investment management agreement or confidential client agreement, FI utilizes ISS as a third-party proxy service provider. ISS provides vote recommendations and evaluates agenda items in accordance with FI's policy guidelines. ISS also ensures the ballots are counted by the corporate issuer.

Many proxy issues fall into well-defined, standardized categories, and as a result we have developed guidelines in conjunction with ISS for these categories. When FI votes proxies on behalf of clients, we vote with the best interests of our clients in mind. FI's Investment Policy Committee reserves the right to override ISS recommendations as they, and the Research team, see fit.

As an active owner, FI frequently engages with company management on proxy voting issues.

Country	Sector	Proxy Topic
USA	Information Technology	Post-proxy discussion on the executive compensation program
USA	Consumer Discretionary	Advisory vote on executive compensation
USA	Energy	Post-proxy executive compensation program considerations

# DISCLOSURES

Source: Fisher Investments Research, as of June 2022.

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.

MSCI ESG Ratings aim to measure a company's management of financially relevant ESG risks and opportunities. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).

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, 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 (FI) is an investment adviser registered with the Securities and Exchange Commission. As of June 30 2022, FI managed over \$165 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 organizations, 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 June 30 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.