



ENGAGEMENT REPORT
Q1 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 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



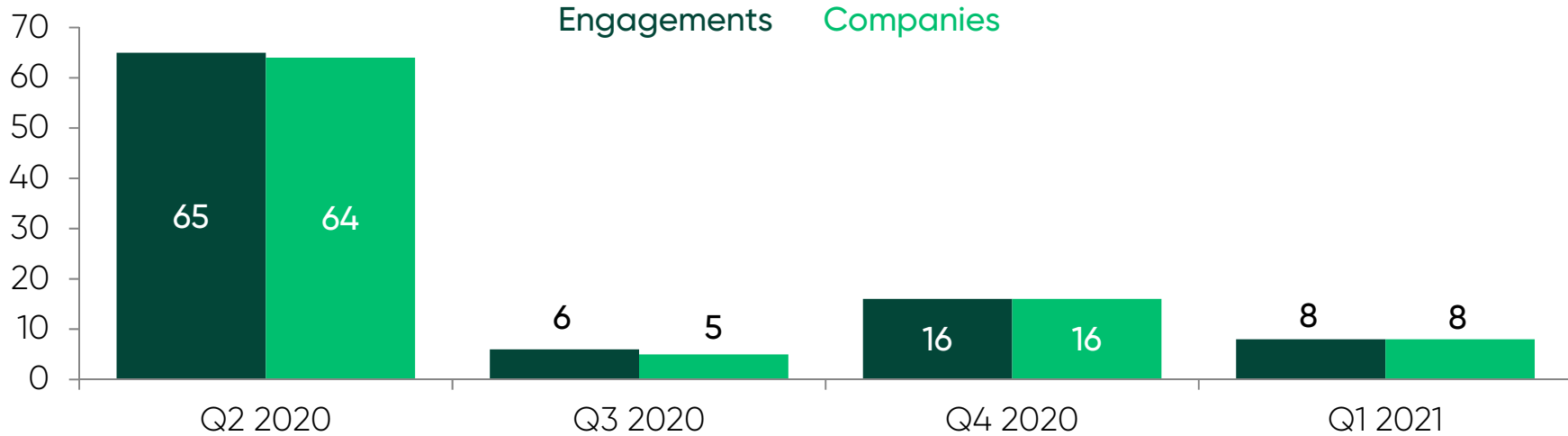
EACH ENGAGEMENT IS:

- ✓ 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?"**

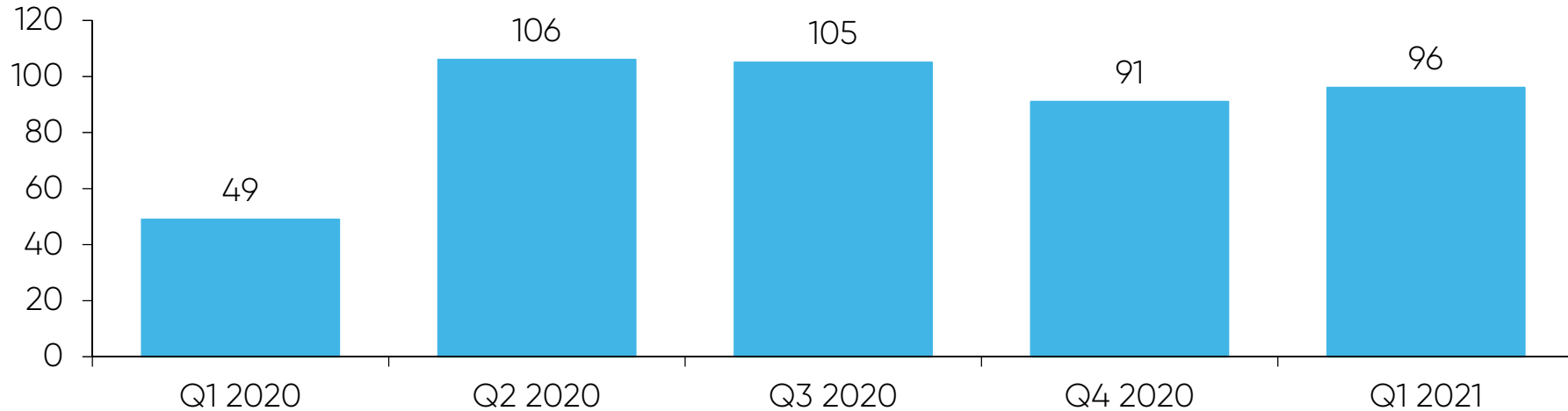
QUARTERLY ENGAGEMENT SUMMARY

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

Companies Engaged & Total Engagements (Trailing 1 Year)



Total Engagements on a 12-month Rolling Basis



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its affiliates as of Q1 2021.

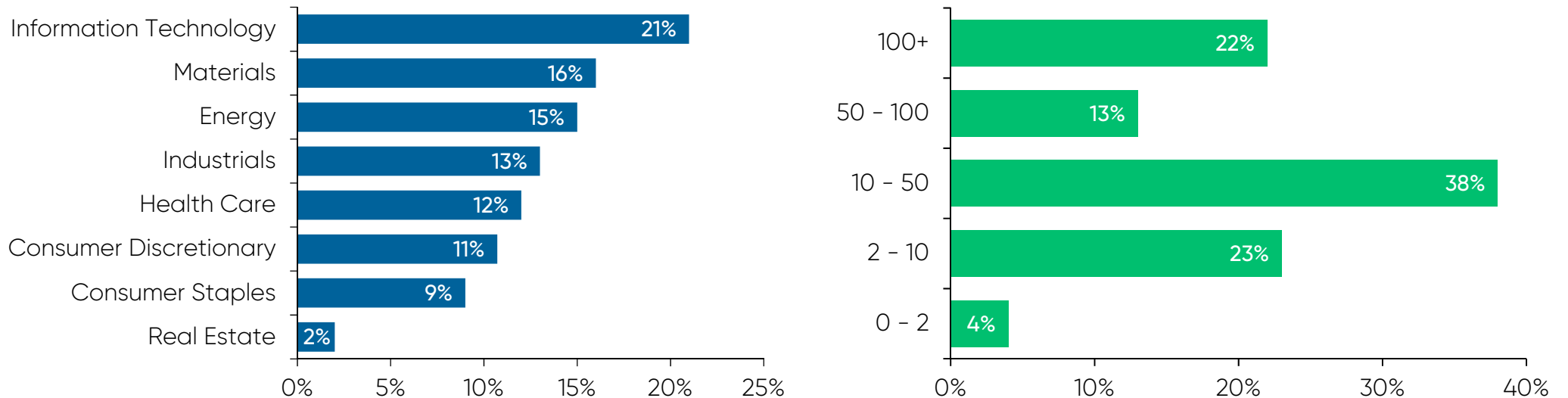
ENGAGEMENT DISTRIBUTION

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

Domicile of Engaged Companies in Q1 2021



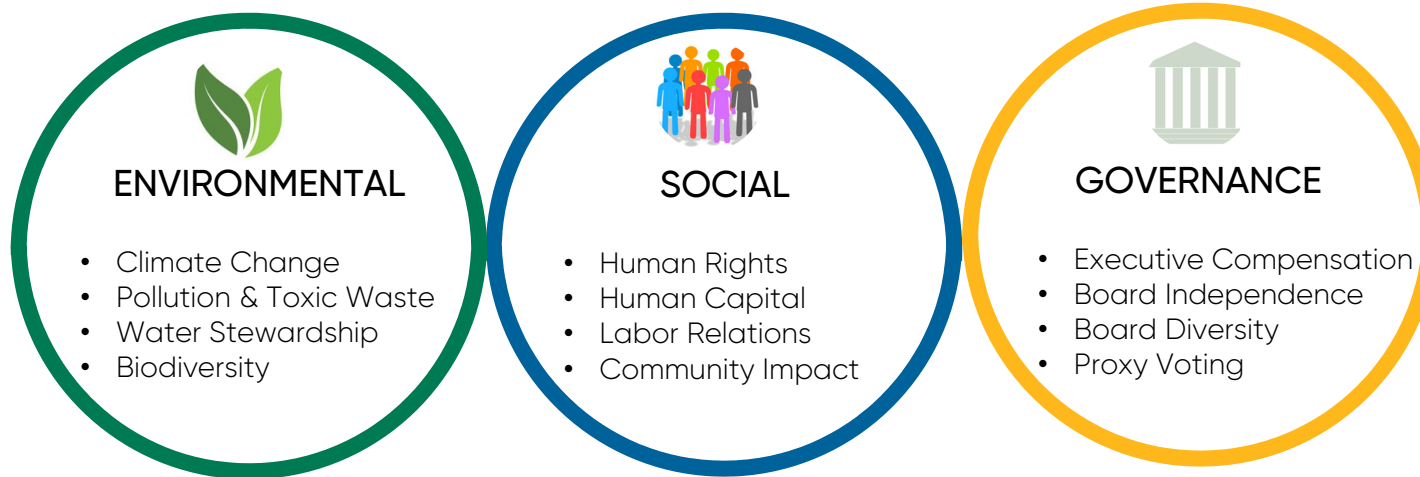
Engaged Companies by Sector & Market Cap (USD billions, Trailing 1 Year)



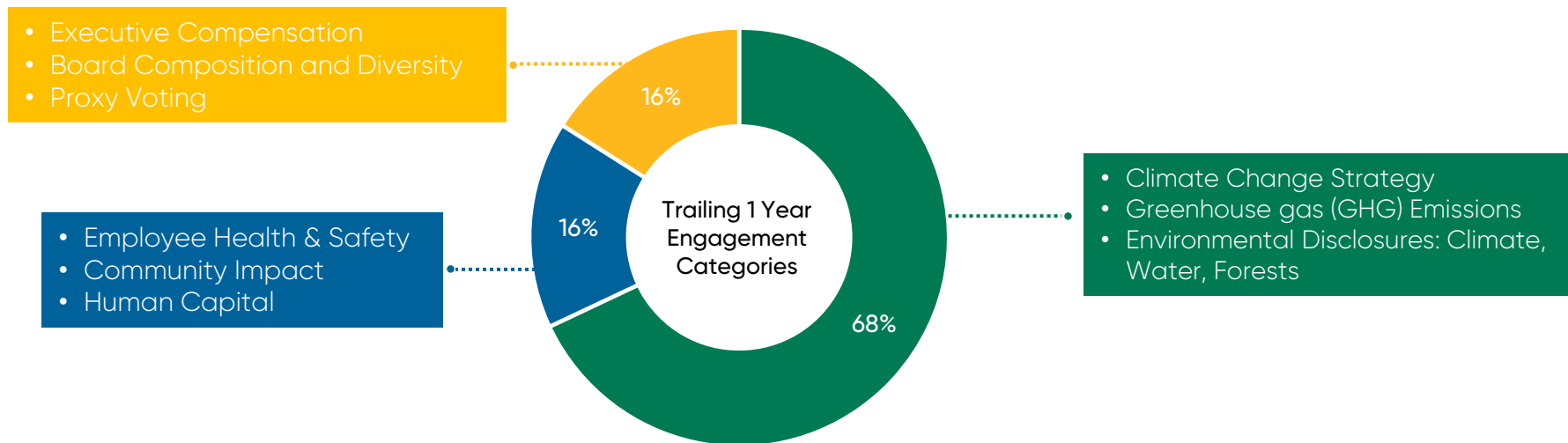
Source: FI data using Factset domicile, sector, and market capitalization designations. As of Q1 2021. Percentages above may not add up to 100% due to rounding. Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its affiliates as of Q1 2021.

ESG ENGAGEMENT FOCUS AREAS

We prioritize multiple factors in each ESG category.



Engagement topics by proportion of the E, S, and G categories as of Q1 2021 (Trailing 1 Year)



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its affiliates as of Q1 2021.

ENGAGEMENT SUMMARIES

ENVIRONMENTAL AND SOCIAL ENGAGEMENT



REGION: DM NORTH AMERICA

SECTOR: MATERIALS

ISSUE: ENVIRONMENTAL TARGETS; CLIMATE CHANGE; COMMUNITY IMPACT

STATUS: CONCLUDED

FI requested an update on the company's rehabilitation and restoration of former mining sites. The company reported that an Australian site is being rehabilitated into an ecotourism site, and a U.S. site is being rehabilitated concurrent to its planned sale.

OUTCOME

Additional outreach is not planned at this time.

OBJECTIVE

Progress update on company's climate transition-readiness, and discuss commitments to rehabilitate and restore mining sites.

SUMMARY

FI held an engagement meeting with the CEO and CFO of a North American materials company to discuss the progress made on the company's emissions reduction and low-carbon targets. The company is committed to its strategic long-term goal of reducing Scope 1 and Scope 2 emissions intensity by 30% by 2025 and 50% by 2030 from a 2015 baseline. The company is working on a net-zero emissions plan, but has not conducted any scenario analysis. The company stated it is taking an aggressive approach to industry leadership in low-carbon production, including repowering a plant in Australia with renewable sources and shuttering a plant in the Pacific Northwest that was reliant on coal power.

ENGAGEMENT SUMMARIES CONT.

SOCIAL ENGAGEMENT



REGION:	DM EUROPE
SECTOR:	INDUSTRIALS
ISSUE:	CONSUMER RIGHTS; CYBERSECURITY
STATUS:	ONGOING

OBJECTIVE

Receive updates on the company's data security and consumer privacy policies and programs following recent data breach and compliance issues.

SUMMARY

FI participated in a collaborative engagement dialogue with a specialized data provider regarding a recent data breach in one of their operating countries and consumer privacy compliance concerns in another.

In 2020, the company announced that a data breach occurred that potentially impacted 25 million customers' records. The company told its regulator that the misappropriated data had been secured and deleted, however, a whistleblower alleged that additional information had been compromised. In the engagement meeting, the company affirmed its cooperation with the regulator and stated it has enacted a number of mitigation measures to ensure customers are protected, including new onboarding controls, data protection protocols and enhancing the management of

its cyber security systems and governance.

In a separate incident, the company received an enforcement notice regarding the company's data collection and privacy policies in its direct marketing services. The company maintains that the case is a matter of the law's interpretation, and is appealing the enforcement notice. If the company loses the appeal, it will either enact the requirement or modify the business. In any case, it will aim to become compliant.

OUTCOME

Along with our co-signers, FI will continue to monitor the company's practices in the data security practices and oversight as well as the ultimate outcome from the appeals process.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: CONSUMER DISCRETIONARY

ISSUE: GHG EMISSIONS; WASTE & POLLUTION; REGULATORY OVERSIGHT

STATUS: ONGOING

OBJECTIVE

Receive update on the company's greenhouse gas emissions targets and progress on plastics recycling program as well as update on a recent regulatory issue.

SUMMARY

FI engaged with an growing e-commerce company to learn why the company's Scope 1 and Scope 2 greenhouse gas emissions were essentially flat during its latest reporting period. The company stated that the reason was due to 1) broadening the scope of what it measures and 2) rapid growth of the company's operations. The company began including company vehicles in its reporting, which increased its emissions. The company is accelerating its EV purchases in areas where there is sufficient infrastructure, but it has not yet reached the tipping point of a net decrease in emissions. In addition, the rapid growth in the number of distribution centers has increased its electric power use and raised its Scope 2 emissions. Although the company has initiated a program to purchase renewable energy to reduce emissions, its growth is outpacing the effect of its efficiency programs. The company is publishing its 2020 Sustainability report later in the year, which will include additional emissions performance data.

In response to FI's inquiry on rising plastics use, the company stated that in order to limit plastics pollution it began using bioplastic bags in 2018 despite significant challenges in finding local suppliers. While the company-wide utilization of bioplastic bags is less than 10%, in Chile the company has managed to meet the country's requirement for 100% bioplastic packaging.

Finally, the company reported that a regulatory complaint alleging use of insider information had been dismissed.

OUTCOME

FI will review the company's forthcoming sustainability report on specific emissions program updates and re-engage with the company in six months.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION: DM OCEANIA



SECTOR: MATERIALS



ISSUE: ENVIRONMENTAL TARGETS; CLIMATE CHANGE; COMMUNITY IMPACT; GOVERNANCE

STATUS: ONGOING

OBJECTIVE

Discuss the company's new emissions reduction policy and its plans to address a recent controversy.

SUMMARY

FI held an engagement meeting with a global materials company to discuss recent company announcements related to emissions targets and understand the progress in the remediation efforts at one of its mining sites.

FI asked for additional commentary on the company's recent reversal of its stated opposition to setting Scope 3 emissions targets. The company highlighted that its customer base in Asia is ready to partner on finding technical solutions that reduces operational carbon intensity - ambitions that are rooted in the countries' net-zero commitments. The company is committed to those efforts by investing in research and development on low-carbon production technology. In terms of near-term emissions reduction goals, the company said that lower-tier activities

have been completed and it is now focused on structural operational and strategic changes to ensure that the 2030 goals can be met.

On the topic of relations with an indigenous community after a recent controversy, FI asked how the company will take action that is qualitatively different than in the past. The company responded that oversight is now the responsibility of operational leaders, whereas previously it was assigned to lower-level community teams. The company is also modernizing its agreements with the community and is investing to provide training and hire workers from the indigenous community.

On the governance side, the head of sustainability committee, who is the Chairman of the Board, has taken personal leadership of the issue and is overseeing the new basis of the partnership with the impacted community.

OUTCOME

FI will continue monitor the company's progress in meeting its short and medium term emissions targets.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: CONSUMER STAPLES



ISSUE: SUSTAINABILITY; HUMAN CAPITAL DEVELOPMENT; EMPLOYEE HEALTH & SAFETY; REGULATORY OVERSIGHT

STATUS: ONGOING

OBJECTIVE

Discuss human capital development programs and request response to new pharmaceutical-related lawsuits.

SUMMARY

The company has a robust sustainability program. When asked to identify its current focus areas, it highlighted six categories of activity:

- Economic opportunity for its people and suppliers
- Sustainable supply chain
- Community impact
- Professionalizing business standards and fostering integrity
- Human rights in supply chain
- Climate Impact

Human capital development is a major area of investment for the company as it grows to become an omni-channel retailer. The company described its programs that focus on access, stability and mobility for all its employees including entry-level. The company's educational achievement program helps employees attain high school, 2-year, or 4-year

college degrees for little cost, with the company subsidizing the rest. In addition, another training program, which is available in more than 200 physical locations across the US, trains employees for management roles within the corporation.

The company believes that it has been successful in maintaining a safe working environment for its associates during the pandemic. The company hired 500,000 new associates to meet the increased demand, yet it was able to offer flexibility in scheduling and leave policy. The company also paid four rounds of cash bonus to its front-line workers to show appreciation.

FI requested the company's response to the recent pharmaceutical-related lawsuits. The company cannot comment on pending litigation, but stated its commitment of ensuring oversight and referenced reports it published last year.

OUTCOME

Ongoing engagement.

ENGAGEMENT SUMMARIES CONT.

ENVIRONMENTAL ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	ENERGY
ISSUE:	CLIMATE CHANGE STRATEGY
STATUS:	ONGOING

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

As part of an ongoing engagement, FI and other investors met with the company to review an upcoming benchmark that will publicly assess whether the company's climate-related performance aligns with the objective of the Paris Agreement. Investors noted the company appears to have achieved its current emissions reduction targets and encouraged it to set new targets.

During the meeting, the company informed investors that it expects to publish an update to its climate report in late Q1, which investors had requested.

OUTCOME

The engagement achieved two milestones: the company published an updated climate report and set new greenhouse gas reduction targets.

ENGAGEMENT SUMMARIES CONT.

GOVERNANCE ENGAGEMENT



REGION:	EM SOUTH AMERICA
SECTOR:	INFORMATION TECHNOLOGY
ISSUE:	BOARD OF DIRECTORS; BOARD OVERSIGHT
STATUS:	CONCLUDED

OBJECTIVE

Discuss the composition of board of directors and governance practices in the context of the proxy vote.

SUMMARY

FI held an engagement meeting with a South American information technology company to discuss governance concerns related to its upcoming proxy vote. The engagement with the company concerned the nomination of the same individual to serve as the CEO and the Chairperson. Due to the dual roles, FI's proxy advisor issued a recommendation to vote against the nominee as the Chairperson. However, the person is the company's founder and is important to its operations, vision and execution. Upon evaluation, FI believes that supporting the nominee is in the best interest of shareholders.

OUTCOME

Engagement concluded.

GOVERNANCE ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	CONSUMER DISCRETIONARY
ISSUE:	BOARD OF DIRECTORS ; EXECUTIVE COMPENSATION
STATUS:	CONCLUDED

OBJECTIVE

Request additional information in advance of upcoming proxy vote.

SUMMARY

In the engagement meeting, the company highlighted that it has an experienced and diverse board of directors, and that it strives to maintain a balance between new board members and longer-tenured directors. The board does not utilize term limits but does have a mandatory retirement age. The executive compensation program uses bonus payouts based on earnings per share as the metric, which the company believes is more transparent than its peers.

The company has experienced product quality issues, resulting in recalls. The company reported that warranty claims have decreased from 4% to 2%, and they expect the downward trend to continue.

OUTCOME

Engagement concluded.

DISCLOSURES

Source: Fisher Investments Research, as of March 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 program will always involve the risk of loss. Global investing can involve additional risks, such as the risk of currency fluctuations.

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

The report above demonstrates how FI engages with company management on ESG issues: environmental issues include but not limited to: climate change, toxic emissions & waste, vulnerability to legislation and impact on local communities; social issues include but not limited to: animal rights, human rights, 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 (FI) is an investment adviser registered with the Securities and Exchange Commission. As of March 31 2021, FI managed over \$167.9 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 31 March 2021. 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.