Fisher Investments™ Institutional Group

ENGAGEMENT REPORT
Q1 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

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

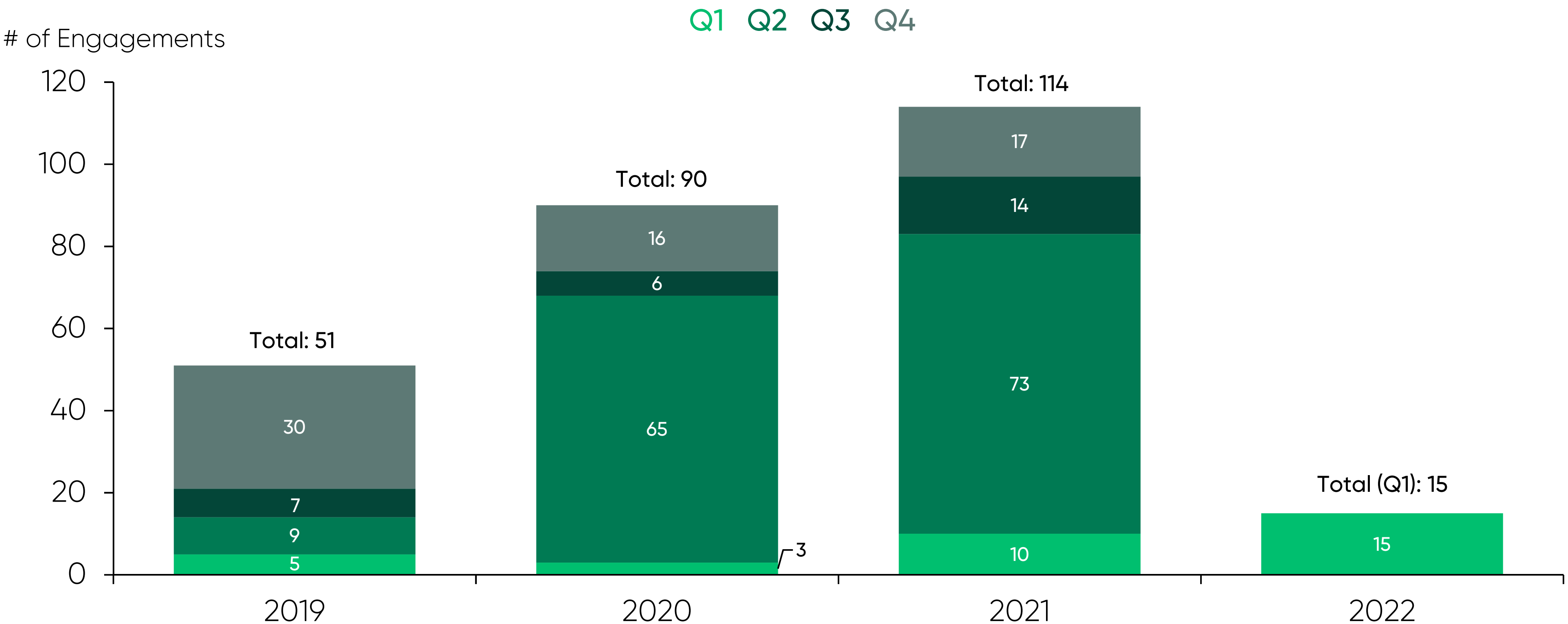
EACH ENGAGEMENT IS:

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

Q1 2022 ENGAGEMENT HIGHLIGHTS

- Increased our total Q1 engagements by 50%.
- Achieved our engagement objective with a Japanese automation company as it recently established a net-zero emissions target plus 2030 interim targets for Scope 1, 2 and its largest source of Scope 3 emissions – Use of Sold Products.
- Achieved our engagement objective with a European multinational energy company as it recently announced it would withdraw from Myanmar given the human rights concerns in the region.
- Our engagement activity continues to grow steadily year over year as reflected in the chart below, noting both newly initiated engagements and established, ongoing dialogues.

Year Over Year Engagement Activity, Broken Down by Quarter

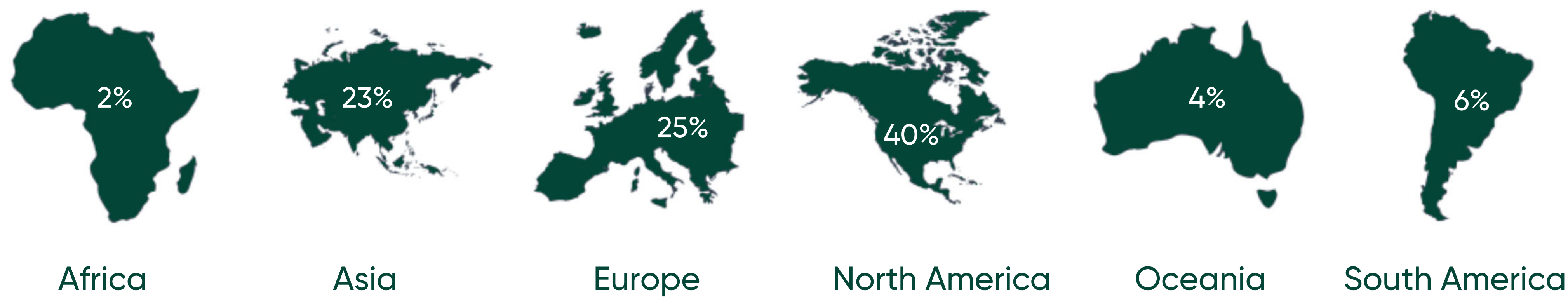


Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries from Q1 2019 - Q1 2022.

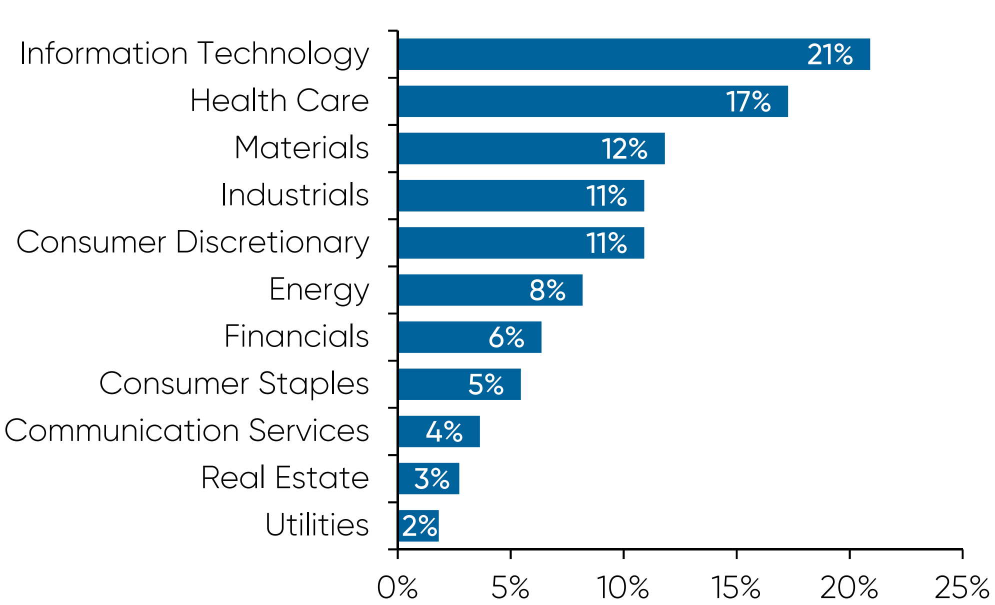
ENGAGEMENT DISTRIBUTION

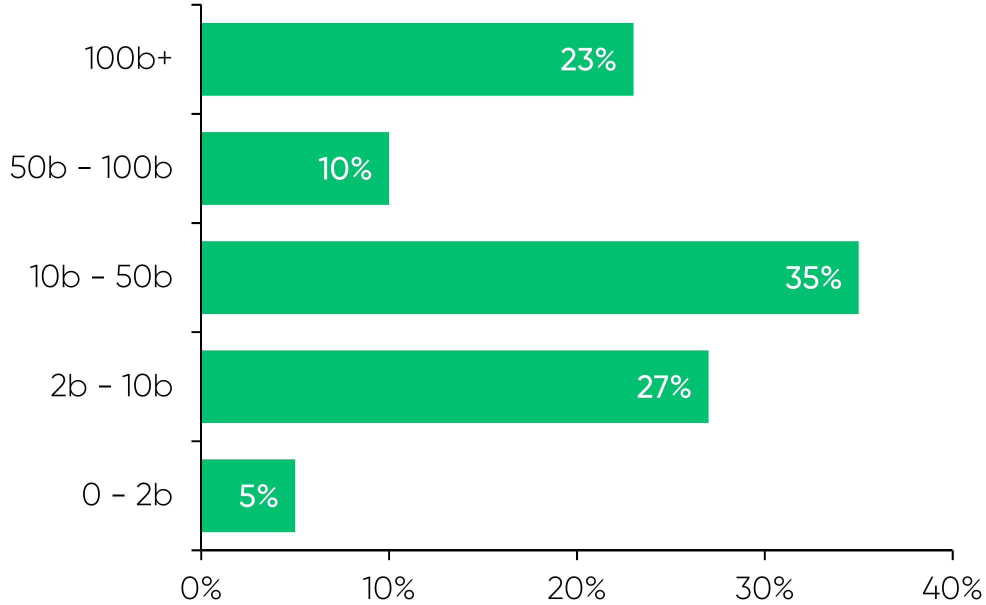
We engage across a range of geographies and sectors, as shown below.

Domicile of Engaged Companies, Trailing 1 Year as of Q1 2022



Engaged Companies by Sector & Market Cap (USD billions, Trailing 1 Year as of Q1 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 Q1 2022.

ESG ENGAGEMENT FOCUS AREAS

We prioritize multiple issues in each ESG category.

ENVIRONMENTAL

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

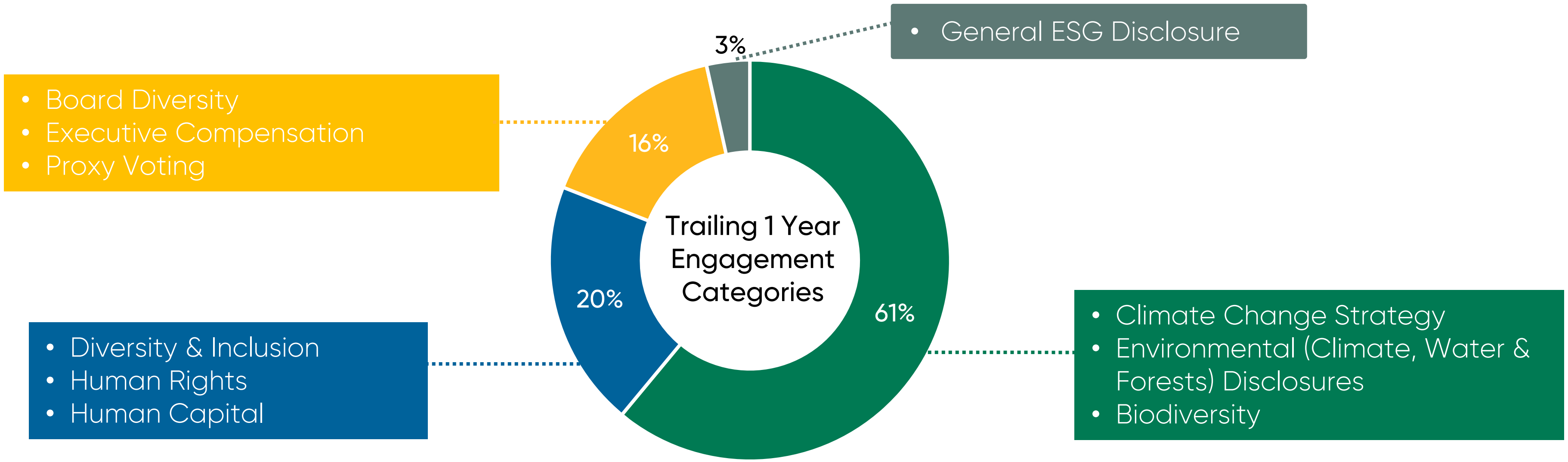
SOCIAL

- Human Rights
- Human Capital
- Labor Relations
- Social Impact

GOVERNANCE

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

Engagement topics by proportion of the E, S, and G categories as of Q1 2022 (Trailing 1 Year)



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q1 2022. Percentages above may not add up to 100% due to rounding.

ENGAGEMENT HIGHLIGHTS

GOVERNANCE ENGAGEMENT

REGION:	DM NORTH AMERICA
SECTOR:	CONSUMER DISCRETIONARY
TOPIC:	REGULATORY ACTIONS
STATUS:	ONGOING

OBJECTIVE
Discuss allegations of anti-competitive behavior.

SUMMARY
In March 2022, an ESG ratings firm issued a red flag to a global consumer discretionary company and its Italian subsidiaries, after the Italian Competition Authority (AGCM) fined the company €1.1 billion for anti-competitive behavior. According to the data provider, the issue equated to a "UN Global Compact fail."

According to the AGCM, the company linked its logistics service with exclusive benefits. Consequently, vendors who prefer not to use the company's logistics service are restricted from attaching the label to their orders. Additionally, according to an investigation by the Italian authorities, the company subjects sellers who do not use the company logistics service to stricter performance criteria, which in extreme cases can result in suspension of their account.

FI reached out to both the ratings firm and the company for additional information. We asked the company to engage with the data provider regarding the assessment and pointed out the implications of a red flag for investors that use such scores for portfolio construction.

The company strongly disagrees with the AGCM ruling and is appealing the fine. On March 10, an Italian Administrative Tribunal ruled the decision is to be suspended pending the outcome of the legal proceedings.

The company stated that specific charges by the AGCM are incorrect and that logistics service is an optional service that sellers can use according to each product. There is another fulfillment option, which allows sellers to list their products and handle the fulfillment themselves. Sellers using alternative logistics service do not have to use the company's in-house logistics services.

The company confirmed to FI that it has reached out to the data provider to request a correction, and informed the firm of the March 10 ruling that delays the imposition of the fine.

OUTCOME
As requested, the company responded promptly to our engagement and contacted the data provider about the red flag. We believe the company is giving sellers appropriate choices and the alternative service e appears to be equivalent to the larger exclusive logistics platform. With regard to allegations of anti-competitive behavior, we believe the issuance of the red flag is premature because the company is appealing the ruling. Other ESG ratings firms have assessed the issue as a "moderate" controversy and noted the pending appeal. Waiting until the matter is resolved should allow investors to make fully informed decisions – including consideration of any changes the company makes to its practices, if the appeal is lost.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

REGION:	DM EUROPE
SECTOR:	INFORMATION TECHNOLOGY
TOPIC:	EXECUTIVE COMPENSATION; DIVERSITY & INCLUSION; SUSTAINABLE SOURCING; WATER CONSERVATION
STATUS:	CONCLUDED

OBJECTIVE

Information gathering on the company's redesigned executive remuneration program and other sustainability initiatives.

SUMMARY

FI met with the chair of the remuneration committee and other executives at a European technology company to discuss changes to its compensation program and women in leadership goals.

Executive Compensation: The company has undertaken a major revamp of its remuneration program driven by anticipated board and management transitions. The company's sizeable growth in the last five years has prompted a change in its peer group comparator in terms of market cap, revenue and number of employees. The company's guiding principles of the compensation revamp is to maintain internal fairness to align with local market practices while balancing extreme competitiveness to attract talent.

The 2022 performance measures were updated to reflect the current market size and strategic priority factors. Short-term incentive (STI) metrics include financial measures and technological leadership index; and the long-term incentive program (LTIP) includes additional strategic value drivers, relative TSR (Total Shareholder Return), technology leadership index and ESG factors. The ESG metrics are reduction of energy use in its products as well as employee engagement and inclusion measures.

One of the company's main ambitions is to attract women in engineering and increase gender diversity in STEM (Science, Technology, Engineering, and Math) roles. The company has set a goal to increase female leadership candidates from 8% in 2021 to 12% by 2024, which is supported by specific onboarding, internal development and growth programs.

Sustainability Targets: FI inquired about the water usage in its lithography technology as water is one of the major inputs in the wafer manufacturing process of its clients. The company responded that water usage is not a material concern for its novel lithography product, which helps reduce the number of steps in the microchip production process. The company highlighted the importance of the platform's sustainability gains – including reduced water inputs – in the full value chain of semi-conductor manufacturing. In its own operations, the company has achieved net-zero Scope 1 & 2 emissions.

Responsible Sourcing of Materials: The company is a member of a Responsible Business Alliance and encourages its 4,700 suppliers to adopt similar standards to help ensure the raw materials are sourced sustainably and responsibly. The company conducts annual risk assessments of critical suppliers and runs detailed screening to help ensure compliance with its code of conduct. Additionally, the company conducts third-party external audits of its suppliers every 2 years.

OUTCOME

Engagement concluded.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & ENVIRONMENTAL DISCLOSURES ENGAGEMENT

REGION:	DM EUROPE
SECTOR:	FINANCIALS
TOPIC:	CLIMATE CHANGE STRATEGY; ENVIRONMENTAL OPPORTUNITIES; COMMUNITY IMPACT
STATUS:	ONGOING

OBJECTIVE
Information gathering on the bank's climate transition goals and sustainable financing targets and initiatives.

SUMMARY
FI engaged a European bank to seek information on its climate transition targets and inquired about its short- to medium-term goals on sustainable financing. One of the largest financial institutions in the world, the bank joined the Net-Zero Banking Alliance as a founding member in 2021.

The bank has announced a goal to reach net-zero emissions by 2050 and shared its 2030 decarbonization goals, which include no longer financing power generation companies that generate more than 10% of revenue from thermal coal, as well as eliminating its direct exposure to thermal coal mining worldwide. The bank also aims to use 100% renewable electricity sources in all of its buildings.

The bank also has a goal to issue €120B in green financing by 2025 and €220B by 2030. For the last decade, the bank has been a global leader in renewable energy financing with its green financing portfolio total reaching €61B as of 2021.

In regards to its broader environmental goals, the bank recently signed a plan with two largest private banks in Brazil to promote protection of the Amazon rainforest and avoid deforestation from the beef value chain. The bank's credit analysis includes consideration of environmental and social risk, and it incorporates a sustainability rating into the credit scores of its clients.

The bank considers its social activities in the Latin American market as a social opportunity to empower retail clients to become financially educated. It currently has 7.4M clients in the region and has the goal to increase the number to 10M clients. The bank runs educational programs to support students and empowers those at the risk of financial exclusion by offering accessible banking, which helps enable more customers to have access to financial services.

OUTCOME
FI is encouraged by the leadership shown by the financial company in founding the Net-Zero Banking Alliance and for pledging its disclosed decarbonization targets. We will monitor its continued progress on its sustainable financing and climate transition goals.

ENGAGEMENT HIGHLIGHTS

SOCIAL ENGAGEMENT

REGION:	EM ASIA
SECTOR:	MATERIALS
TOPIC:	HUMAN RIGHTS POLICY; HEALTH & SAFETY; EMPLOYEE RELATIONS
STATUS:	ONGOING

OBJECTIVE
Encourage the company to investigate reports of unfair labor practices at its operations in the Democratic Republic of Congo (DRC).

SUMMARY
FI engaged a global materials company regarding working conditions at its mining site in the Democratic Republic of Congo after global media reports alleged human rights violations there, including a video of a physical assault of a sub-contract worker at the mine. The alleged incidents are inconsistent with the company's disclosed policies, which are aligned to internationally recognized human rights standards such as the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the United Nations Human Rights Council Guiding Principles on Business and Human Rights (UNGP).

The company responded that it could not authenticate the specific claims of mistreatment due to the anonymous nature of the reports, but it was able to ascertain that the video was not of its mine employee or contract worker, and was not filmed at its mine site or Its contractor camp. The company described how its human rights policies and practices are applied to both employees and contractors, including several steps to strengthen human rights protections at its operations in the DRC:

- Anti-corruption and human rights due diligence is applied equally to employees and contractors, including screening, questionnaires and site visits.
- 100% of its Congolese workforce is unionized, and contractors are encouraged to adopt collective bargaining.
- In 2020, the company began annual contractor assessments to track health, safety and human rights performance. It also enhanced its grievance mechanisms available to all employees and contractors.
- In 2021, third-party human rights experts conducted a four-day training at the mine. The company is also developing an action plan for its contractors that features a three-month employee awareness and training program. Subjects include the code of conduct, rights of association, grievance mechanisms and behavior modification.
- Importantly, the company's ESG management systems at international sites are reviewed annually by Corporate Integrity, an independent consultant. Corporate Integrity's assurance is based on evidence of documents review, interviews with site and corporate personnel, and site visits.

OUTCOME
There were documented labor and human rights concerns at the mine site preceding the company's acquisition of the asset. Applying the UNGP framework, these issues should have surfaced when the company conducted its human rights due diligence assessment prior the acquisition. Nevertheless, the company was responsive to our inquiry and is taking positive steps to strengthen human rights there. FI will review the company's 2022 Human Rights report, and will continue to seek evidence that its practices are effective in protecting human rights.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL ENGAGEMENT

REGION:	DM EUROPE
SECTOR:	ENERGY
TOPIC:	CLIMATE CHANGE STRATEGY; BIODIVERSITY
STATUS:	ONGOING

OBJECTIVE

Seek company progress updates on the net-zero commitment and understand company's climate transition strategy.

SUMMARY

FI engaged a European-based global energy company on its climate strategy and biodiversity programs.

Climate Strategy & Net-Zero Ambition: The company has an ambition to reach net-zero emissions on a Scope 1-3 basis by 2050, and to reduce Scope 1-2 emissions by 50% by 2030. FI inquired if the company is satisfied with the pace of energy transition and any challenges it faces. The company is positioned to achieve its emissions reduction targets amid 3% per annum growth in production. The main lever for the transition is electrification of its operational fields, which remains on track. Managing cost is another challenge that the company seeks to overcome.

FI inquired how the company's carbon intensity targets relate to absolute emissions. The company responded that 90% of its 2030 target will reflect absolute emissions data as the company started from a level of about half the industry's intensity. The company's targets are aligned with the Paris Agreement.

In terms of methane, the company uses a combination of direct measurement and modelling to disclose its emissions. All published results undergo third-party verification.

The company is also a leader in offshore wind and recently raised its renewable power targets. The company's objective is to have more than 50% of gross capex in renewables and low carbon solutions by 2030. It views carbon capture and storage (CCS) as a major pillar of its plan, especially leveraging its expertise in the long-term project in the Northern Lights site.

Biodiversity: FI inquired about the status of evaluating and disclosing the impacts that the company may have in areas of high biodiversity risk. The company noted that although its upcoming annual sustainability report will touch on biodiversity impact in detail, projects in high-risk areas will need to implement specific steps to achieve and demonstrate positive biodiversity impact.

OUTCOME

The company has a robust climate action plan. FI will monitor the company's methane emissions disclosures, and will review the company's energy transition plan when it is published. In addition, the company's board will present its energy transition plan for advisory shareholder vote in the upcoming annual general meeting in May 2022.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT

REGION:	DM NORTH AMERICA
SECTOR:	ENERGY
TOPIC:	CLIMATE CHANGE STRATEGY; PROXY VOTING
STATUS:	ONGOING

OBJECTIVE

Discuss the company's low-carbon transition plans and how newly-elected board members are influencing its climate strategy. Encourage continued development of its emissions reduction strategies.

SUMMARY

The company had six new directors elected to its board in the last two years, partly due to investor dissatisfaction with the company's actions to address climate change. FI supported board refreshment at the 2021 Annual General Meeting, and we met with the company to discuss how the new directors are shaping corporate climate strategy. The company stated that the new directors have brought a desire to participate and become leaders in the energy transition, which is reflected in:

- The company's restructure into three business units – including one that is dedicated to low carbon ventures.
- Its $15 billion commitment to low carbon solutions, where it expects >10% return on investment that will support earnings growth and cash flow targets.
- Establishment of a net-zero ambition for Scope 1 and 2 emissions from operated assets by 2050, and 2030 emissions reduction plans it says are consistent with Paris-aligned pathways.

The company's focus is on reducing its operational emissions, such as development of carbon capture and storage (CCS) projects, hydrogen and biofuels. The company believes that CCS is critical to its investments in low carbon solutions, and is examining 30 potential CCS applications across the globe. The company plans to expand its capacity in CCS and with additional supportive policy, CCS could become a viable solution across the industry. The company is resistant to setting Scope 3 targets (its largest category of emissions), citing the lack of standardized accounting systems for Scope 3.

OUTCOME

It is clear to see the refreshed board's influence in shaping the company's climate strategy. Its recent actions are meaningful and for the first time, provide a clear signal to investors of how the company intends to participate in the low carbon transition. However, there are gaps in its plans and we do not see the company as an industry leader on climate. We encouraged the company to include emissions from assets where the company has an equity investment (the current target only applies to assets that the company operates), and to set Scope 3 reduction targets, which comprise 85% or more of emissions in the company's value chain.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

REGION:	DM ASIA
SECTOR:	INDUSTRIALS
TOPIC:	CLIMATE CHANGE STRATEGY; DIVERSITY & INCLUSION
STATUS:	CONCLUDED

OBJECTIVE

Encourage operational alignment with Japan's recently announced climate commitments, and express support for its Women's Participation and Advancement program.

SUMMARY

In October 2020, Japan pledged to be carbon neutral by 2050. Our research showed a Japanese automation company was in the early stages of addressing sustainability, however, its approach to data gathering and disclosure made it difficult to compare the company's data to its competitors. In 2021-2022, we discussed the company's readiness to align with the Government's pledge, its environmental disclosures, and its programs to increase the participation of women in its workforce.

We noted that the company did not have a formal emissions reduction program, and its targets lacked the top-line category goals that allow investors to compare its performance to its peers. We recommended that it continue its efforts to map its Scope 1, 2, and 3 greenhouse gas emissions, and to set reduction targets at the category (rather than sub-indicator) level.

Another priority for the company is women's employment and advancement. The company established targets that by 2020, 10% of the workforce and 5% of newly appointed executives will be women. To support the targets, it implemented many women and family-supportive programs. In 2020, the company exceeded its goal of 5% women among newly appointed executives, but had to extend the goal of 10% women in the general workforce. We believe the company's family-friendly policies are beneficial and should help the company achieve its goal.

OUTCOME

Objective achieved. The company was responsive and announced a goal of net-zero emissions by 2050, along with 2030 interim targets for Scope 1, 2, and its largest source of Scope 3 emissions – Use of Sold Products:

- Scope 1 and 2 emissions: 42% reduction by 2030, using a 2020 baseline.
- Scope 3 emissions: 12.3% reduction in the Use of Sold Products by 2030, using a 2020 baseline.

The company also announced its support for the Task Force on Climate related Financial Disclosures and began conducting scenario analysis. We believe its targets are sufficiently ambitious to put the company on a net-zero trajectory even as it grows its market share. We also look forward to the company achieving its goals on women's participation.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

REGION:	EM SOUTH AMERICA
SECTOR:	CONSUMER DISCRETIONARY
TOPIC:	CLIMATE CHANGE STRATEGY; WASTE MANAGEMENT; DIVERSITY & INCLUSION; BOARD DIVERSITY
STATUS:	ONGOING

OBJECTIVE

Discuss the company's sustainability strategy and encourage it to set environmental management targets.

SUMMARY

FI met with a Brazilian consumer discretionary company to discuss its sustainability priorities, with emphasis on: alignment with the aims of the Paris Climate Agreement, packaging and waste management, and external verification of supply chains. The company is experiencing rapid growth – it doubled its online sales in one year. As a female founded company, it considers sustainability to be at its core. Its goal is to be included on sustainability indexes.

Environment: The company's recent growth is outpacing its efforts to reduce its environmental footprint. It is working with external consultants to map its organizational metrics as a precursor to setting targets, with the first data inventory expected in ~6 months. The company's business model focuses on matching buyers with local vendors, rather than using large distribution centers. It has a fleet of EVs for "last mile delivery" and said many of its products are delivered by bicycle, skateboard and on foot (reducing Scope 3 emissions). In addition, the company is working with its waste hauler build a recycling system as Brazil has little infrastructure.

Social & Governance: The company has the largest percentage of female directors of any company in BOVESPA. It has a female board chair and 57% of its directors are independent. Its guiding principle translates to "Give to the many the privileges of the few." The company strongly believes employment is a way to break the barriers of Brazil's socioeconomic inequity – all employees are trained as if they will be the next CEO, and many have been there for decades. More broadly, the company's business model has facilitated its customers having access to their first TV, cell phone, or banking services. However, the company could do a better job of quantifying the impact of these practices.

OUTCOME

FI recommended the company disclose both absolute and relative GHG emissions, and encouraged it to set environmental reduction targets. The company invited us to review the consultant data and provide feedback. Ongoing engagement

ENGAGEMENT HIGHLIGHTS

SOCIAL ENGAGEMENT

REGION:	DM ASIA
SECTOR:	INDUSTRIALS
TOPIC:	COLLECTIVE BARGAINING & UNIONS; EMPLOYEE RELATIONS
STATUS:	CONCLUDED

OBJECTIVE

Obtain company response on its alleged failure to respect union rights in Thailand.

SUMMARY

Through our service provider, FI engaged an electronics manufacturer regarding the company's alleged failure to support union rights in Thailand. The global industrial trade union federation, IndustriALL, made allegations of anti-union activities in the company Thai subsidiary. After the company dismissed a former union president, the Thai Supreme Court issued a ruling in January 2021 to reinstate the union president and pay back wages.

The engagement focused on the company's efforts to respect employees' right to collectively bargain and form labor unions in Thailand. The company publicly discloses its commitment to improve the working conditions of its labor union members, based on the company's social mission and responsibility. The thai has also publicly stated that it does not hinder workers' rights, including exercising union rights, freedom of association and collective bargaining as granted by Thai labor law.

In response to the investors, the company said that its Thai subsidiary maintains good relations with the employee union and that it had settled the disputes with the labor union and its international trade union IndustriALL in 2021. In addition, the company complies with labor-related laws and regulations of the countries where it operates, makes its Code of Conduct available in multiple languages and conducts compliance training for all employees. The company conducts regular audits and compliance checklists at each subsidiary to ensure that each is operating in accordance with the group's policies.

OUTCOME

The allegations of failing to respect union rights appear to be resolved. FI will continue to monitor the company's performance on the right to freedom of association and collective bargaining for its employees. The engagement is concluded.

ENGAGEMENT HIGHLIGHTS

SOCIAL ENGAGEMENT

REGION:	DM NORTH AMERICA
SECTOR:	CONSUMER DISCRETIONARY
TOPIC:	SUPPLY CHAIN LABOR STANDARDS
STATUS:	CONCLUDED

OBJECTIVE

Follow-up dialogue to discuss company policies on human rights due diligence in its supply chain.

SUMMARY

FI participated in an investor discussion with a consumer discretionary company on human rights due diligence in its supply chain. The company's compliance and due diligence program governing its supply chain partners is based on the company's code of conduct, which was drafted more than 30 years ago and is regularly updated based on international best practices. The code outlines supplier expectations and is fully implementable and communicated to all partners. The company has long-term partnerships with its trusted contract factories, which have to abide by its stringent code of conduct requirements.

Regarding an investor question on the risk of forced labor in the supply chain, the company referenced that its code of conduct explicitly mentions "forced labor" as a major factor. The company stated that its evaluation of suppliers in higher-risk regions (including external risk metrics data) ensures adherence to the company code on banning forced labor throughout its supply chain.

In its evaluation of contract suppliers, the company uses region and country-based risk metrics to calibrate the level of communication, training and interactions. To ensure compliance of suppliers to its code requirements and limit any risks, the team conducts annual audits that are complemented by third party audits. The company said the main challenge facing complete adherence of its code of conduct and human rights due diligence is the need to balance the implementation of local law.

The compliance team is comprised of 150 staff members, the majority of whom are based in the local production regions. At the company headquarters, a roster of subject matter experts on environment and labor, health & safety are available to work with the local audit staff.

OUTCOME

FI will continue to monitor developments related to human rights due diligence in the company supply chain. For now the engagement on this topic is concluded.

ENGAGEMENT HIGHLIGHTS

SOCIAL ENGAGEMENT

REGION:	DM EUROPE
SECTOR:	ENERGY
TOPIC:	HUMAN RIGHTS POLICY
STATUS:	CONCLUDED

OBJECTIVE

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

SUMMARY

Beginning in mid-2021 FI collaborated with 35+ other institutional investors regarding the company's human rights-related business risks in Myanmar, based on the company's longstanding partnership with a state-owned enterprise. 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. As a result of the coup, the state-owned enterprise was seized by the military and became a major source of the regime's financing. The company has a robust human rights program, 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 responded that it began taking steps to reduce its risk exposure, including decommissioning a new deep water gas drilling project in the country. The company also began suspending some cash distributions related to an existing pipeline, however, it expressed concern that enacting additional financial restrictions in the absence of governmental economic sanctions would breach its legal obligations and subject its local affiliate's management team to arrest and imprisonment.

The pipeline supplies electricity to Yangon and Western Thailand, and the company stated that stopping production would negatively affect residential and commercial customers in those areas. Other reports suggested that Thailand may have sufficient resilience to withstand the loss of Myanmar gas, although some level of disruption is likely.

One of the company's core principles is the ability to operate in accordance with its internal safety guidelines. After the coup, the company was unable to access the villages around its operations due to security risks. The company expressed concern that if it ceased operations, its employees would be at high risk of criminal prosecution or forced labor. In an effort to provide assistance to employees it could not reach, the company matched the amount it paid in taxes with contributions to humanitarian organisations working in Myanmar.

OUTCOME

In early 2022, the company announced its support for governmental sanctions on Myanmar. On the heels of this development, the company announced that due to the ongoing human rights concerns and the deterioration in the rule of law, it was withdrawing from Myanmar without seeking financial compensation. A minority partner in the pipeline project simultaneously announced its withdrawal as well.

The withdrawal is expected to be completed in mid 2022. We concluded this engagement by encouraging the company to address worker protection issues throughout the period of its withdrawal and beyond, to the greatest extent possible.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

REGION:	DM NORTH AMERICA
SECTOR:	CONSUMER STAPLES
TOPIC:	CLIMATE CHANGE STRATEGY; SUSTAINABLE SOURCING; BIODIVERSITY; TRAINING & DEVELOPMENT; EXECUTIVE COMPENSATION
STATUS:	ONGOING

OBJECTIVE

Receive updates on the company's climate change strategy and human capital development programs.

SUMMARY

FI met with an American multinational retail corporation to discuss updates on the company's climate change strategy and human capital development programs. FI acknowledged the company's recently published emissions reductions targets, which align with the SBTi (Science Based Target Initiative). These targets include achieving net-zero emissions in its operations by 2040.

We asked for an update on the company's project aiming to reduce its global supply chain Scope 1 and Scope 2 emissions by one billion metric tons by 2030. Through this project, the company offers support and financial incentives to suppliers that reduce their emissions. Although more than 3,000 suppliers have signed up to the initiative, data is lacking on the proportion of suppliers that signed on to the initiative relative to the total supplier base.

Regarding biodiversity, FI inquired into the company's strategy around managing the ecological impacts of their operations. The company noted that its environmental compliance teams collaborate with its real estate teams to manage these sorts of impacts, specifically on land and water use. The company is also implementing a value chain approach to commodities as it hopes to reduce negative impacts related to each product. This includes vessel monitoring for seafood and aerial monitoring for beef and soy. The company hopes to continue its progress on a 'place-based' strategy where entire geographic areas can achieve certifications as socially or environmentally sustainable concerning particular commodities.

Social: During FI's 2021 engagement meeting with the company, it described programs that focus on education, stability and upward mobility for all of its employees. The company noted that these programs increase employee satisfaction and reduce turnover. In addition, as employees utilize these programs it supports broader organizational human capital themes and influences the broader community.

Governance: FI also inquired into the structure of the company's executive compensation, specifically whether D&I and ESG metrics are included. The company is open to feedback, but currently, ESG metrics are tied to the executive most closely responsible for the goal. The company also noted that ESG goals affect Profit/Loss and Return on Investment metrics. FI will continue to monitor the company's progress in this area.

OUTCOME

FI will continue to track the company's progress toward its sustainability goals in addition to areas of human capital development.

DISCLOSURES

Source: Fisher Investments Research, as of March 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.

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 2022, FI managed over $198 billion, including assets sub-managed for its wholly-owned subsidiaries. FI and its subsidiaries maintain four principal business units - Fisher Investments Institutional Group (FIIG), Fisher Investments Private Client Group (FIPCG), Fisher Investments International (FII), and Fisher Investments 401(k) Solutions Group (401(k) Solutions). These groups serve a global client base of diverse investors including corporations, public and multi-employer pension funds, foundations and endowments, insurance companies, healthcare 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 March 31 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.