



ENGAGEMENT REPORT
Q2 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



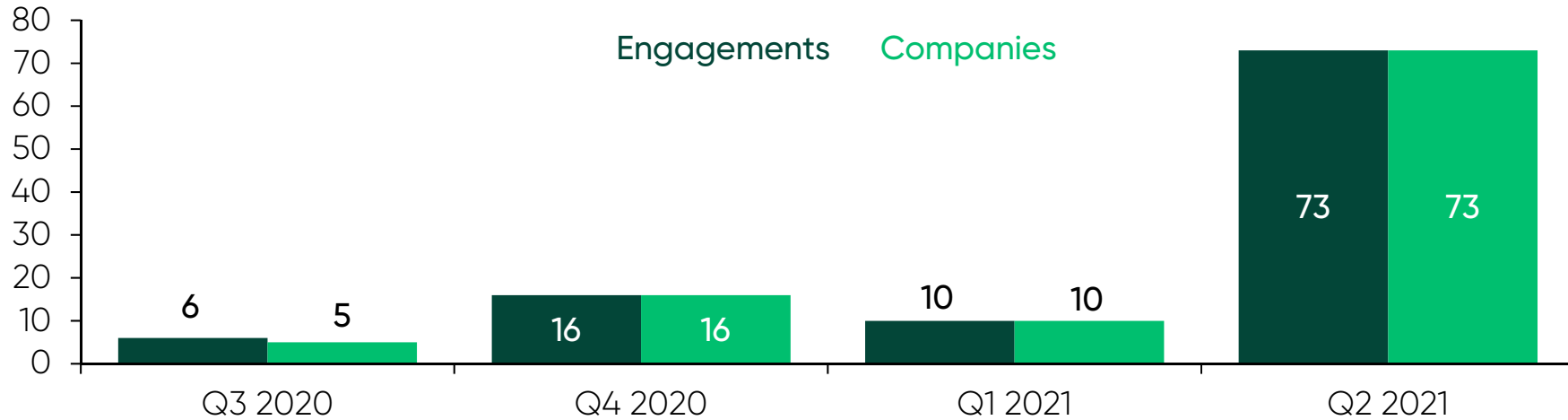
EACH ENGAGEMENT IS:

- ✓ 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?"**

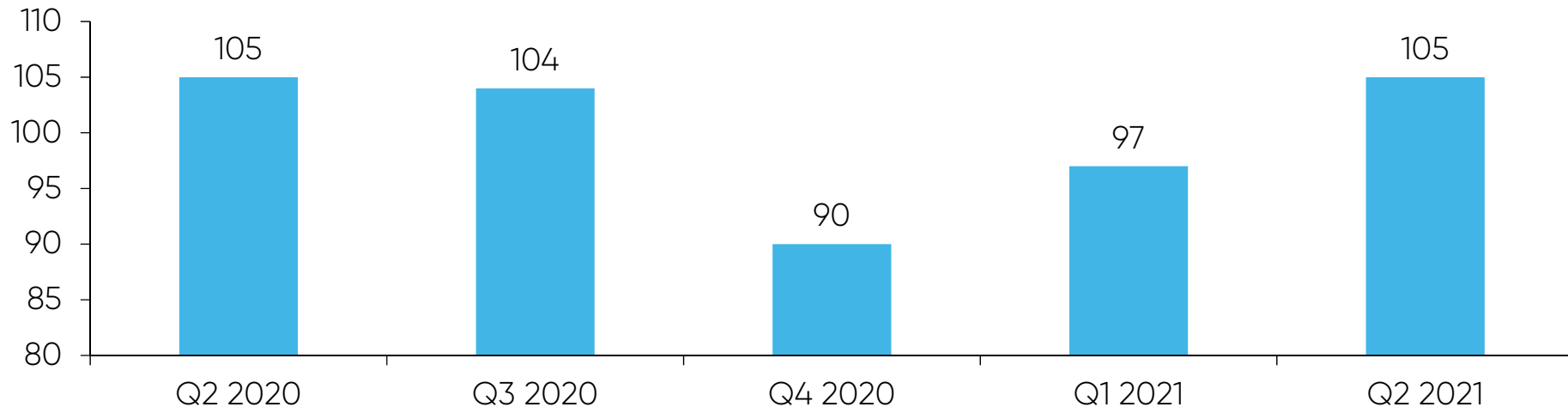
QUARTERLY ENGAGEMENT SUMMARY

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. Of the 73 engagements recorded in Q2, 62 were the result of a collaborative partnership with CDP (formerly Carbon Disclosure Project) that required disclosure of environmental performance data (see page 15 for details).

Companies Engaged & Total Engagements



Total Engagements on a 12-month Rolling Basis

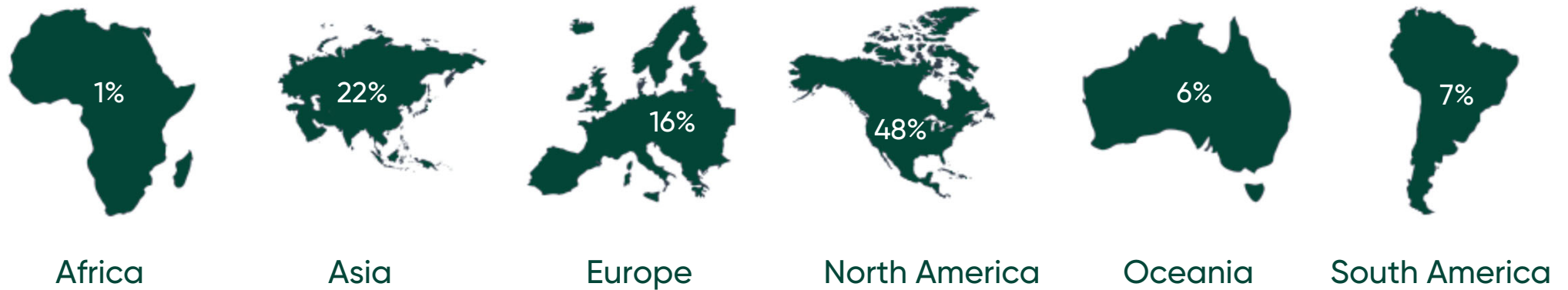


Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q2 2021.

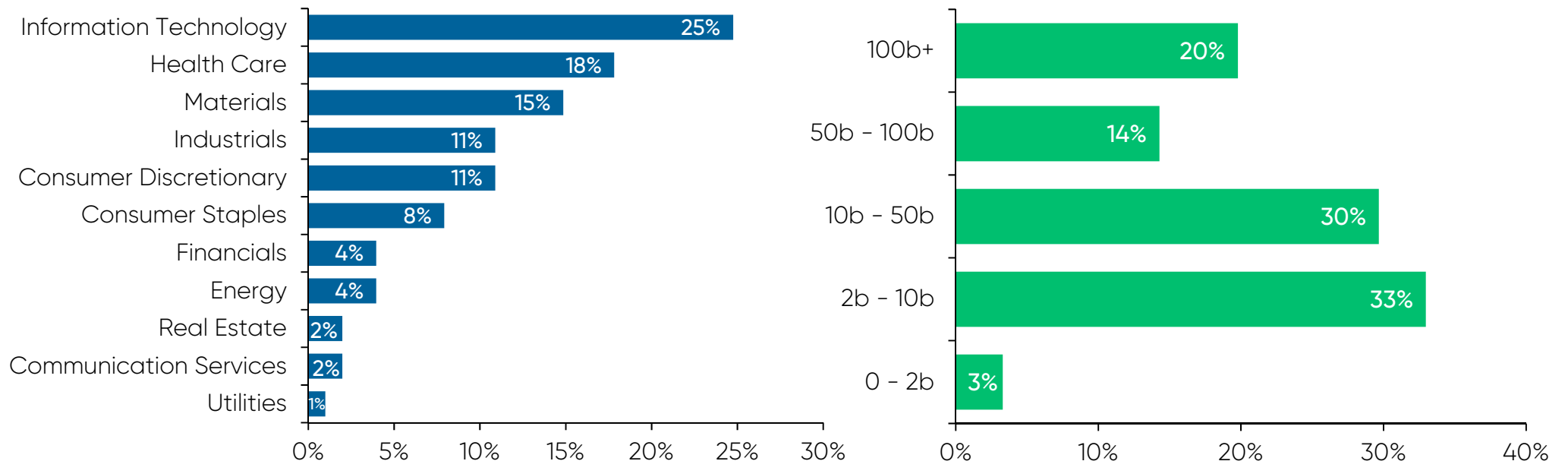
ENGAGEMENT DISTRIBUTION

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

Domicile of Engaged Companies, Trailing 1 Year as of Q2 2021



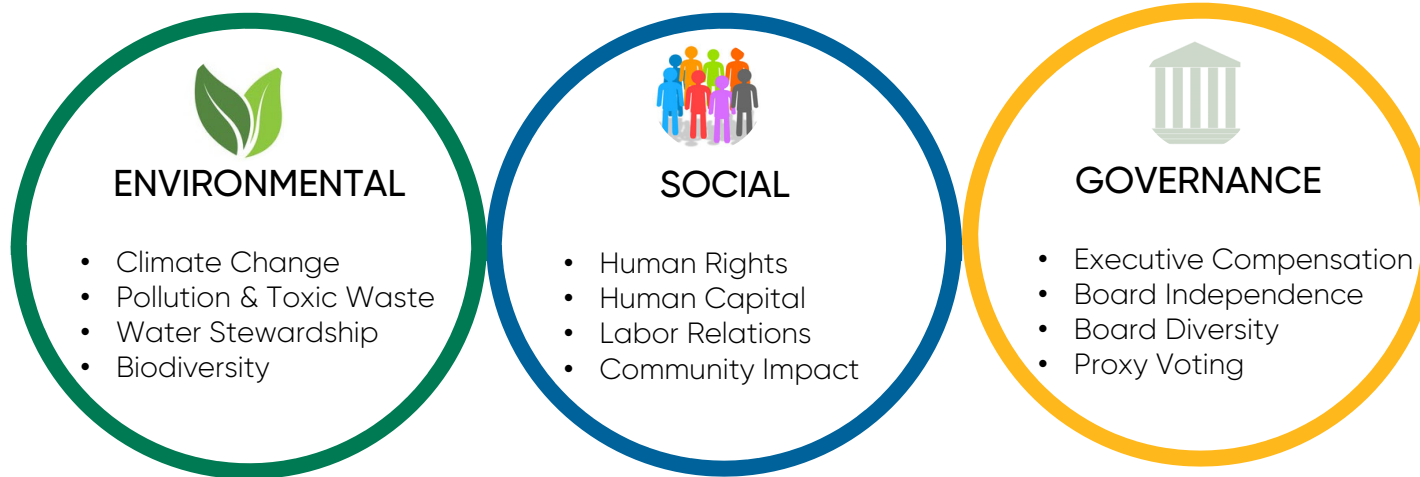
Engaged Companies by Sector & Market Cap (USD billions, Trailing 1 Year as of Q2 2021)



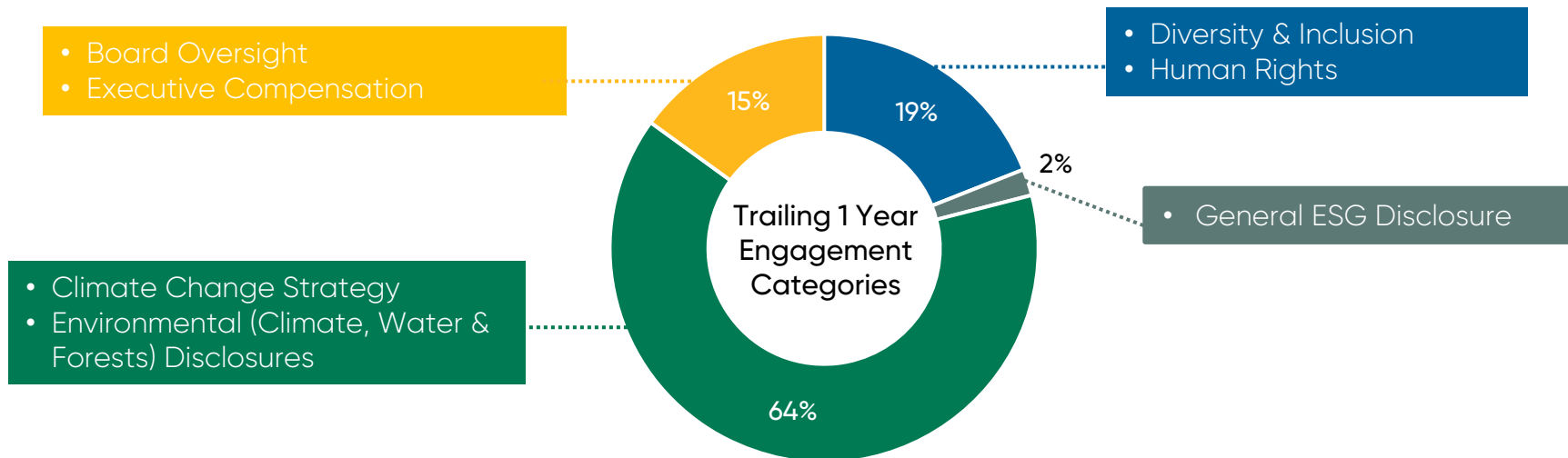
Source: FI data using Factset domicile, sector, and market capitalization designations. Percentages above may not add up to 100% due to rounding. Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q2 2021.

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 Q2 2021 (Trailing 1 Year)



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q2 2021.

ENGAGEMENT HIGHLIGHTS

SUSTAINABILITY DISCLOSURE & SOCIAL ENGAGEMENT



REGION:	DM NORTH AMERICA
SECTOR:	HEALTH CARE
ISSUE:	GENERAL ESG DISCLOSURE; DIVERSITY & INCLUSION
STATUS:	CONCLUDED

OUTCOME

Engagement concluded.

OBJECTIVE

Understand the company's ESG strategy and receive updates on current priorities.

SUMMARY

FI held an engagement meeting with a leading pharmaceuticals company to discuss its ESG strategy. The company updated that its major focus areas are diversity and access to health care for underserved patients. Continued progress on the environment and governance fronts also remain critical.

During the pandemic, the company rolled out a program that provided patients with free medicine if they lost their job due to COVID. The pharmaceutical assistance program continues although it received less uptake than the company had initially anticipated, and will remain open post-COVID.

The company highlighted the ethnic and gender diversity of its board and executive leadership. With regard to the environment, the company publicized its responsible environmental stewardship policy and initiatives to reduce greenhouse gas emissions at the end of 2020.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & SOCIAL ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: MATERIALS

ISSUE: CLIMATE CHANGE STRATEGY;
DIVERSITY & INCLUSION

STATUS: ONGOING

OBJECTIVE

Discuss the company's new 2030 sustainability goals. Encourage setting Scope 3 emissions reduction targets and employ interim measurements to ensure targets are met.

SUMMARY

FI engaged an industrial major, which was deemed an essential business during the pandemic and continued operating. However, the pandemic impacted its ability meet some of its 2020 sustainability goals. For example, reduced availability of reclaimed steel impacted the re-manufacturing division.

The company's Scope 1 and Scope 2 GHG emissions reduction targets for 2030 are aligned with Science Based Targets, but are not certified by the SBTi. The company cited lack of standardized methodology in the industrial sector as an obstacle to setting Scope 3 targets, which is its largest emissions category. However, the company said that it is committed to helping its customers achieve their own climate targets as reflected in their research and development projects. We encouraged the company to set interim targets to support achieving its 2030 goals.

The company did not meet its 2020 diversity and inclusion (D&I) targets, an issue we raised in last year's engagement. Rather than setting new targets in its 2030 goals, the company established D&I as a separate program. It described several steps it has taken to demonstrate its enhanced commitment to D&I.

OUTCOME

The company's dedicated approach to Diversity & Inclusion as well as its new Scope 1 and Scope 2 GHG emission reduction targets are positive steps. In future engagements, we will continue to encourage the adoption of Scope 3 targets and the use of interim goals to drive steady progress.

ENGAGEMENT HIGHLIGHTS

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 (GHG) emissions in alignment with a globally established target, strengthen its governance and improve its climate-related financial disclosures.

SUMMARY

FI and other investors met with a large oil and gas company to discuss its climate-related risks and opportunities, and to provide feedback to the latest climate report. The company's strategy is to be a low-cost, low-carbon producer of oil and gas.

The company says it intends to make firm commitments over the next 10 years to achieve alignment with the Paris Agreement. In 2030 and beyond, it believes greater innovation, use of offsets, and policy will be needed to support continued reductions and a path to net-zero.

The company recently set new GHG emissions reduction targets. While this is welcome, the targets are modest, do not include Scope 3 emissions, and do not encompass the assets of a recent large acquisition. We encouraged the company to continue evaluating how it can strengthen its targets and requested expansion to include Scope 3.

Investors continued to request additional transparency around the carbon price assumptions used in the company's modeling. Several of its competitors disclose this information, and investors would like greater visibility as carbon price assumptions can influence asset valuations in the company's audit.

OUTCOME

Milestone: A shareholder proposal related to our engagement passed with majority support at the company's 2021 AGM. This strengthens FI's request, and we will follow up with the company for further discussion.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL, & GOVERNANCE ENGAGEMENT



REGION: DM ASIA



SECTOR: INDUSTRIALS



ISSUE: CLIMATE CHANGE STRATEGY; BOARD OVERSIGHT; DIVERSITY & INCLUSION

STATUS: ONGOING

OBJECTIVE

Encourage operational alignment with Japan's recently announced climate commitments, and express support for the company's efforts to promote and retain women in the workforce.

SUMMARY

In October 2020, Japan's Prime Minister pledged that the country will be carbon neutral by 2050, which will have an impact on the company's operations. We met with the company to discuss its readiness to align with the Government's pledge.

The company is developing a comprehensive measurement and reporting system that will be rolled out across its facilities over time. The company is still in the assessment phase, and while it is committed to supporting the government's objective, the company is early in its planning cycle. For example, it is evaluating ways to incorporate more renewable energy into its operations and is beginning to map its supply chain. It is also making its products more energy efficient to help its customers reduce their own emissions. The company is notable for its high rate of recycling – it produces very little waste.

Another priority is women's employment and advancement. The company has established targets regarding the percentage of women in the workforce, and also among senior leadership. As of 2019, the company had made good progress but had not yet reached its goals. 2020 data will be available in the fall, and we expressed our support for the initiative.

OUTCOME

We encouraged the company to set emissions reduction targets that align with the government's ambition and that encompass the supply chain. We intend to follow up when 2020 data is available to assess the company's progress and evaluate new targets.

ENGAGEMENT HIGHLIGHTS

SUSTAINABILITY DISCLOSURE ENGAGEMENT



REGION: DM NORTH AMERICA

SECTOR: HEALTH CARE

ISSUE: GENERAL ESG DISCLOSURE; SOCIAL IMPACT

STATUS: CONCLUDED

OBJECTIVE

Improve understanding of the company's ESG plan and objectives.

SUMMARY

FI conducted an engagement meeting with a commercial stage biopharmaceutical company to discuss its ESG objectives. The company's major social focus is working to expand patient access to its primary medication and enhance insurance coverage of its treatment for patients who may not qualify for access to its therapies.

In 2020 FDA approved the company's primary pharmaceutical product for adult lung cancer patients undergoing chemotherapy. The company acknowledged patients may face access, coverage and affordability challenges. The company initiated a patient support program that offers solutions on access, reimbursements, verification of coverage and patient need. The company aims to continue expanding broad coverage of its therapy and has also made the drug available for free to some patients that lack coverage or access.

The company is working to produce a more comprehensive ESG plan later in 2021.

OUTCOME

Engagement concluded.

SUSTAINABILITY DISCLOSURE & SOCIAL ENGAGEMENT



REGION: DM NORTH AMERICA

SECTOR: HEALTH CARE

ISSUE: GENERAL ESG DISCLOSURE; DIVERSITY & INCLUSION

STATUS: CONCLUDED

OBJECTIVE

Assess the company's ESG strategy and current goals, including diversity & inclusion outcomes.

SUMMARY

FI engaged with a genomic diagnostics healthcare company to receive updates on its overarching ESG profile and goals. The company intends to publish a comprehensive ESG plan later in 2021 and is focused on a few priorities, primarily D&I initiatives and enhanced product quality. The company is led by its female founder, who serves as the CEO and Chair of the Board. Additionally, 58% of the employees are female, including the Chief Scientific Officer and Chief Medical Officer.

Product quality and safety standards are top priorities for the company. In December 2020, the company received ISO 13485:2016 certification, an internationally recognized quality standard specific to the medical device industry, for its Quality Management System (QMS) for the design, development and manufacture of genomic in-vitro diagnostic (IVD) tests that aid in the diagnosis and prognosis of cancer and other diseases.

OUTCOME

Engagement concluded.

ENGAGEMENT HIGHLIGHTS

SOCIAL ENGAGEMENT



REGION:	EM ASIA
SECTOR:	INFORMATION TECHNOLOGY
ISSUE:	HUMAN RIGHTS
STATUS:	CONCLUDED

OBJECTIVE

Seek the company's position on its business relationship with a client in Myanmar given human rights concerns.

SUMMARY

FI initiated an engagement with a global IT services company to inquire about the status of its commercial relationship with a banking client in Myanmar after a February 2021 coup overthrew Myanmar's internationally recognized government. In 2018, when Myanmar's civilian leadership was striving to integrate the country into the global financial markets following the lifting of economic sanctions, a subsidiary of the company contracted with a banking client in Myanmar to provide core banking solutions. However, the 2021 coup plunged Myanmar into societal conflict, including credible reports of human rights violations connected to the country's military junta. It is reported that the bank is controlled by senior military leaders and is providing financing to the junta. Accordingly, some human rights groups are highlighting the business risks that companies may experience due to their relationship with the bank.

The company is a signatory to the United Nations Global Compact and in its human rights statement, declared its support for the "protection and elevation of human rights" in accordance with international human rights laws and norms. Given the volatile situation in Myanmar, we sought a better understanding of the company's current business relationship with its client in Myanmar.

OUTCOME

In response to FI's inquiry, the company reported that it had recently terminated the business relationship due to the political changes and charges of human rights violations. The company further affirmed that its prior scope of work with the banking client had no direct link with the Myanmar military or its activities, and that as a global organization, it is committed to supporting human rights around the world. The engagement is concluded.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: MATERIALS

ISSUE: BOARD OVERSIGHT; CLIMATE CHANGE STRATEGY

STATUS: ONGOING

consumer packaging company and is expecting a resurgence in aluminum packaging within the food and beverage industry.

OUTCOME

Since our meeting one year ago, the company has increased board oversight of its sustainability program. The company is also actively working on setting GHG emissions reduction targets, a milestone in the engagement. We will continue to follow up with the company as appropriate.

OBJECTIVE

Set GHG emissions reduction goals that align with the United States' Nationally Determined Contribution (50-52% emissions reduction by 2030, using a 2005 baseline, and Net Zero by 2050).

SUMMARY

The small-cap materials company has robust corporate governance measures, including a diverse, independent board and a majority vote standard. Recently, the board established an ESG Committee to oversee the company's sustainability program. In addition, the full board considers ESG issues as part of its enterprise risk management assessments.

The company is considering setting emissions reduction targets. To ensure success of long-term goals and avoid greenwash, it stressed the importance of setting interim targets that are based on achievable technology. The company is seeing strong demand in its end markets for "low-carbon" aluminum, and described how its strong supply of scrap material is more environmentally beneficial than "low-carbon" production methods. In addition to having a presence in the automotive and airline industries, the company recently acquired a

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



REGION: DM EUROPE



SECTOR: ENERGY

ISSUE: BOARD OVERSIGHT; CLIMATE CHANGE STRATEGY

STATUS: CONCLUDED

OBJECTIVE

To discuss the company's approach to board oversight of ESG objectives, executive compensation incentives, and the challenges of the low-carbon energy transformation.

SUMMARY

We spoke with a leading subsea equipment manufacturer and project manager for the oil and gas industry. While offshore drilling can be controversial due to its environmental impact, the company's focus is on products and services that reduce emissions.

The Board of Directors provides ESG oversight in the following ways:

- **Setting ESG Objectives** that are measured using a scorecard.
- **Reviewing ESG Metrics:** An audit subcommittee is in charge of ensuring there are processes in place to measure results effectively. The Board reviews the scorecard quarterly to monitor performance and evaluate areas of weakness. Scorecard results are released to the public annually.

Linking to Compensation: Prior to 2021, executive compensation was only indirectly tied to the execution of ESG related objectives. Going forward, a significant portion of executive compensation will be directly tied to the ESG scorecard.

Low Carbon Strategies

Target 50% Reduction in Scope 1 & 2 Emissions by 2030: The company is taking several steps to reduce its greenhouse gas emissions, including:

- Developing an industry first Electric Drive Support Vessel, which allows for offshore engineering without the use of a traditional diesel-based remote operated vehicle.
- Utilizing hydro, solar, and wind technologies to power their global operations.
- Planning to participate in the global production, storage, and transportation of green hydrogen.

OUTCOME

The engagement highlighted the role of energy services companies in lowering carbon emissions within the sector's value chain. Engagement concluded.

ENGAGEMENT HIGHLIGHTS

GOVERNANCE ENGAGEMENT



REGION: EM ASIA

SECTOR: HEALTH CARE

ISSUE: BOARD OVERSIGHT; PROXY VOTING;
EXECUTIVE COMPENSATION

STATUS: ONGOING

OBJECTIVE

Discuss board independence requirements and encourage the company to set performance targets on granted equity. Seek updates on ESG performance in the company's priorities on the social impact of its health services.

SUMMARY

FI held a meeting with a healthcare company in the context of the upcoming proxy vote. FI's proxy advisor had recommended against the nomination of a board director, and we sought clarification of her status. The company argued that the proxy recommendation is erroneous because it is based on the misclassification of another director (resulting in an excessive number of affiliated directors). The company presented evidence that the other director is duly independent of the company's management and therefore, the board has a sufficient ratio of independent directors. Furthermore, in accordance with the exchange listing rules, the company has adopted a comprehensive board nomination policy in 2019, which discloses detailed criteria for nominations, including board diversity in terms of gender, expertise, experience and independence. In light of the company's evidence, FI believes support for the director is warranted.

In response to FI's inquiry regarding performance basis for executive compensation, the company maintained that the grant of restricted shares compensation to select executive directors was based on strict performance criteria by the board. Per our recommendation, the company will consider disclosing details of the compensation targets in future proxy disclosures.

On the social impact and responsibility of its services, the company cited that its mission is to accelerate and transform the discovery, development and manufacturing of biologics through a comprehensive open-access platform, enabling its global healthcare partners and benefiting patients worldwide. As a Contract Development and Manufacturing Organization (CDMO), the company does not market or sell pharmaceuticals. Its vision is to build an open-access platform with the most comprehensive capabilities and technologies in the global biologics industry, to fulfill the dream that "every drug can be made and every disease can be treated."

The management objectives related to EHS, employees and governance are embedded in the daily operations of the company. The company is still in the process of setting up the mid-term and long-term targets of energy conservation and emission reduction, which will be disclosed in an ESG report in the future.

OUTCOME

The company will consider disclosing details of the compensation targets in future proxies. FI will continue to monitor the company for future ESG disclosures.

COLLABORATIVE ENGAGEMENT

CDP NON-DISCLOSURE CAMPAIGN



REGION:	MULTIPLE
SECTOR:	MULTIPLE
ISSUE:	ENVIRONMENTAL (Climate change, Water and 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 ANALYSIS

CDP manages a global environmental data disclosure platform—currently, more than 9,600 companies voluntarily report to CDP.

FI participated in CDP’s 2021 non-disclosure campaign (NDC), which pools investors to engage with 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 2021 NDC, in Q2 2021 FI initiated collaborative engagements with 62 companies in 17 countries listed in the tables to the right as a lead investor or a co-signer.

OUTCOME

By quarter-end, ten companies had responded. A German and a Brazilian company intend to submit the climate change questionnaire; a US company agreed to complete the forests questionnaire.

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	18
China	4
Brazil	2
Germany	2
Japan	2
UK	2
Australia	1
India	1
Ireland	1
Italy	1
Luxembourg	1

FI AS CO-SIGNATORY

Domiciled Country	# of Companies
China	6
USA	6
Republic of Korea	3
Australia	2
France	2
Germany	2
Canada	1
Indonesia	1
Italy	1
South Africa	1
Switzerland	1

DISCLOSURES

Source: Fisher Investments Research, as of June 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 June 30 2021, FI managed \$186.9 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 June 30 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.