



ENGAGEMENT REPORT  
Q2 2023

# ENGAGEMENT OVERVIEW

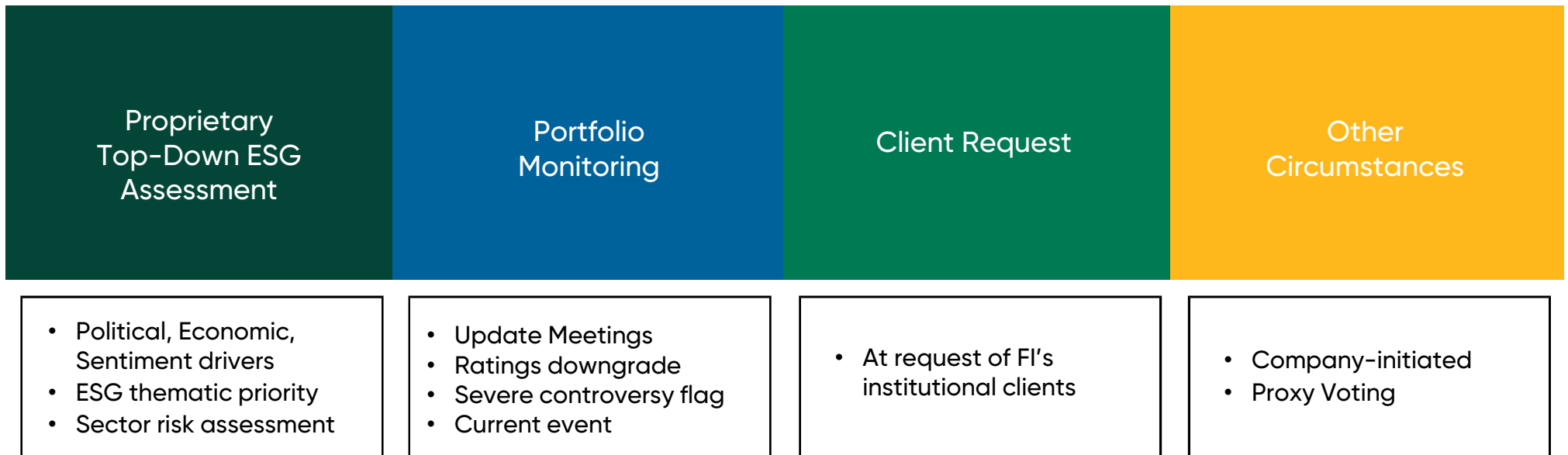
## OUR ESG PHILOSOPHY STATEMENT

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 equity levels, consistent with clients' investment goals and ESG policies, maximizes the likelihood of achieving desired performance and improving environmental, social & governance 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 is incorporated into our fundamental analysis. 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:

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

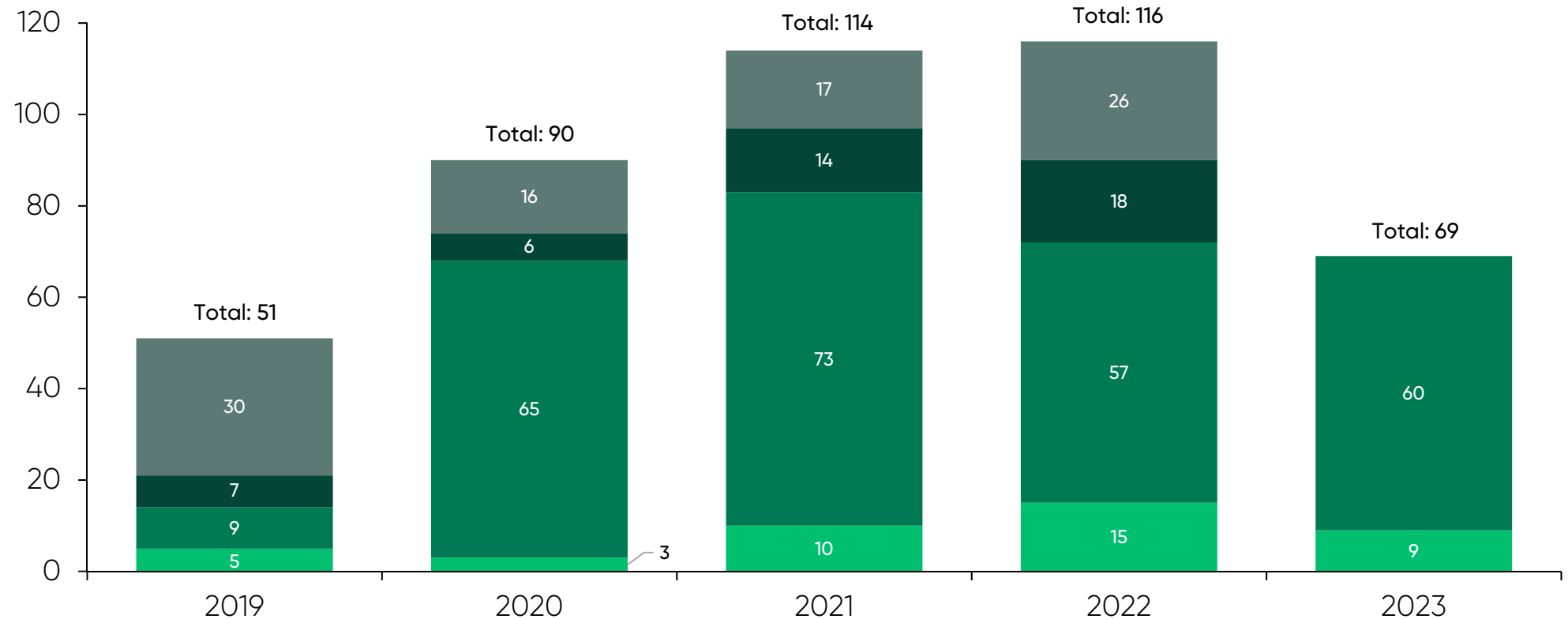
# Q2 2023 ENGAGEMENT HIGHLIGHTS

- During the quarter, 13 engagements included the topic of biodiversity. These discussions touched on water conservation and quality, waste management, sustainable sourcing and protection of sensitive areas.
- We asked 30 companies in 10 countries to voluntarily disclose environmental data to CDP using standardized climate, forests or water questionnaires. The reporting period runs through August 2023 and we will report the results later in the year.

Year Over Year Engagement Activity, Broken Down by Quarter

Q1 Q2 Q3 Q4

# of Engagements



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries from Q1 2019 – Q2 2023.

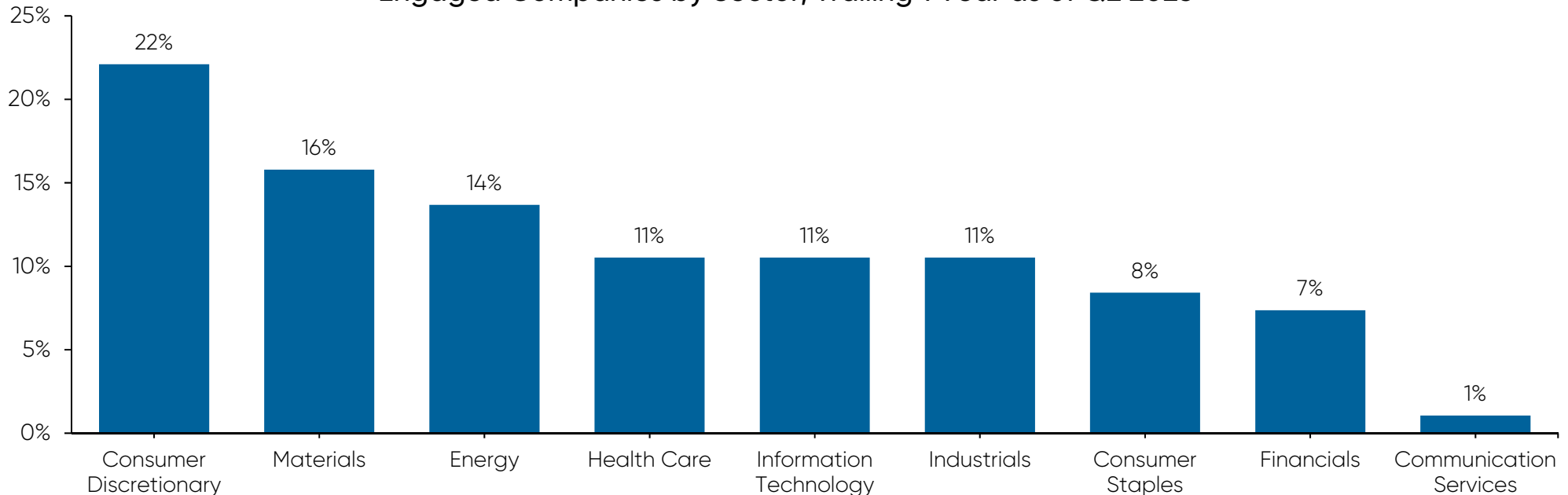
# ENGAGEMENT DISTRIBUTION

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

Domicile of Engaged Companies, Trailing 1 Year as of Q2 2023



Engaged Companies by Sector, Trailing 1 Year as of Q2 2023



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 2023. 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.



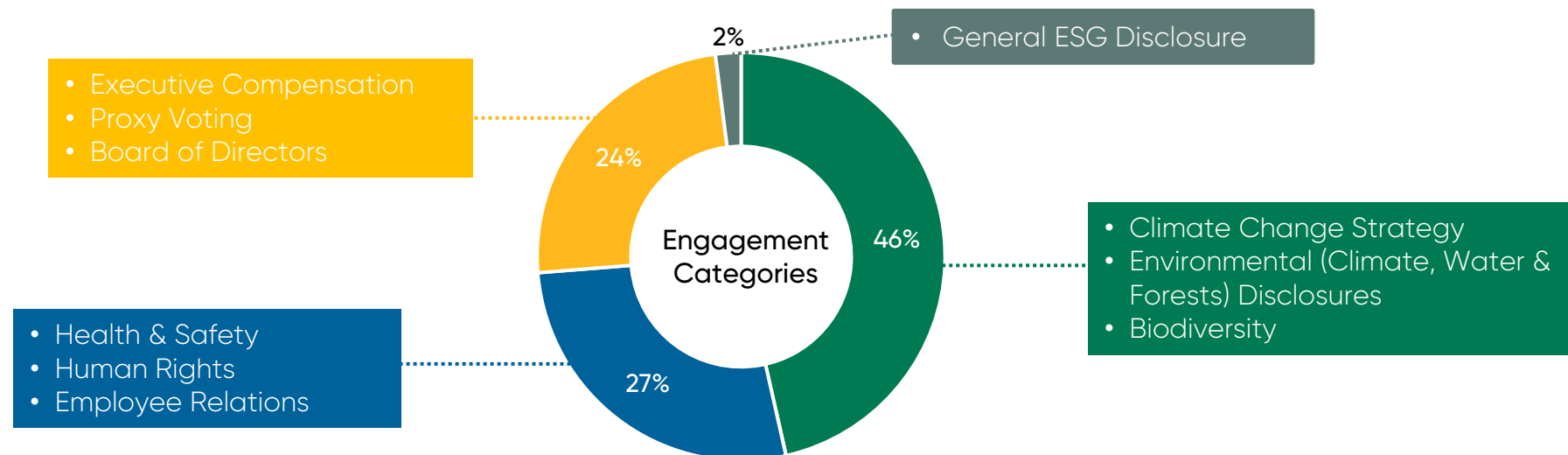
# ESG ENGAGEMENT FOCUS AREAS

We engage on multiple issues in each ESG category. Priority areas are listed below.



	Environmental	Social	Governance
<i>Engagement Priorities 2022 – Current</i>	Climate Risk Biodiversity	Human Rights Human Capital	Executive Compensation Proxy Voting
<i>Additional Engagement Topics</i>	Pollution & Waste Water Stewardship Environmental Opportunities	Labor Relations Social Impact Product Liability	Board Independence Board Diversity Board Oversight & Ethics

Engagement topics by proportion of the E, S, and G categories as of Q2 2023 (Trailing 1 Year)



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q2 2023. Percentages above may not add up to 100% due to rounding.

# ENGAGEMENT HIGHLIGHTS

## ALFA S.A.B. de C.V. (ALFAA)



SECTOR: INDUSTRIALS

MSCI ESG RATING: BBB



TOPIC: WASTE MANAGEMENT  
CLIMATE CHANGE STRATEGY  
WATER CONSERVATION  
PRODUCT SAFETY & QUALITY

STATUS: ONGOING

### OBJECTIVE

Review the company's sustainability initiatives and encourage its largest business units to set waste and water conservation targets.

### SUMMARY

We engaged Alfa S.A.B. de C.V. to discuss various sustainability issues. A Mexican conglomerate, ~95% of the company's operations are attributed to its two largest business units, Sigma (food products), and Alpek (chemical manufacturing), both of which have their own dedicated sustainability teams. We engaged with both subsidiaries on a variety of sustainability issues.

#### Sigma – Food Products

*Climate Change Strategy:* Sigma maintains a 2025 20% emissions reduction target and has several initiatives in place to achieve this goal. The company places direct investments in solar energy and wind energy, with notable progress in solar in Mexico and Spain. Geography is a primary factor in determining the feasibility of alternative energy sources. To help the company achieve its goals, FI suggested setting targets to increase investments in clean technology. Sigma noted that this would be a future consideration and said that securing capital investments for advancing its clean energy capabilities is a primary focus.

*Waste Management:* FI noted substantial progress by the company regarding sustainable packaging, including implementation of its formal Sustainable Packaging Program. We encouraged the company to consider adding medium and long-term targets around waste and recycling to drive further reductions in the amount of plastic it uses, which also reduces costs. Company innovations include recycling plastic materials into pallets, reducing thickness in plastics and moving to biodegradable materials in its Latin American operations. With regard to post-consumer use product recovery, the company is selecting specific locations to test collection mechanics and is looking to leverage the process across company operations. Sigma also has a 'Zero Waste to Landfill Program' followed by many of its plants. FI asked if this could be feasible to apply this to all company plants and Sigma stated that it has a different set of suppliers for each operating site, which would make this difficult. However, the company saw substantial progress in this area in 2022 for many of its factories.

*Water Conservation:* Sigma has also taken many steps to limit any negative impacts associated with its water use. The company has a Global Water Management Program, which includes risk assessments to determine best practices that can be applied to all company plants. Factories in Mexico and Europe have seen the most advancements to date and also have water committees, which will expand to all operating sites in the near future. FI encouraged the company to set targets related to water usage for each of its plants.

*Sustainable Sourcing:* FI inquired what Sigma is doing to ensure its suppliers are following sustainable best practices. Thirty-four percent of the company's suppliers participated in a recent questionnaire, which established a baseline. Sigma also leverages the CDP questionnaires and asks suppliers to answer relevant questions where they are able. The company hopes that it will see more supplier participation (~60%) for its next round of surveys.

*Product Safety & Quality:* Given that food products are moving toward healthier options, we inquired what the company is doing to adapt to these changes. The company is constantly evaluating new ingredients and technologies. Current innovations in the space include plant based

# ENGAGEMENT HIGHLIGHTS

## ALFA S.A.B. de C.V. (ALFAA)

product offerings in addition to items with higher levels of protein contents.

### **Alpek – Chemical Manufacturing**

*Waste Management:* We inquired about the source of Alpek's increased waste generation from 2020-21. The increase is due to various acquisitions and the addition of two new plants. In response to our inquiry about setting reduction targets, Alpek noted that potential targets are a topic of discussion for the company - it previously hired consultants to lay out a roadmap and ensure it sets feasible and appropriate targets. The company received our feedback and noted that specific waste targets may be publicly available in the future.

*Climate Change Strategy in Value Chain:* The company maintains a 2030 target of 27.5% Scope 1 and Scope 2 emissions reduction and continues to work with its value chain regarding Scope 3 emissions. Alpek recently hired a consultant to provide periodic reviews for ways to enhance emissions reductions in its supply chain. Alpek also provides surveys for its suppliers to complete on a regular basis and actively evaluates renewable energy opportunities.

### **OUTCOME**

Alfa's ESG program is designed to address its most salient issues, which is appropriate for a small cap company. We will continue to monitor company progress over time regarding increased investments in clean technology, setting water use targets and including more operating sites for the company's 'Zero Waste to Landfill' program.

# ENGAGEMENT HIGHLIGHTS

## AMAZON.COM, INC. (AMZN)



SECTOR: CONSUMER DISCRETIONARY

MSCI ESG RATING: A

TOPIC: EXECUTIVE COMPENSATION  
REGULATORY ACTIONS

STATUS: ONGOING

### OUTCOME

Ongoing engagement. We are disappointed the company is continuing to propose an executive compensation plan that is overly reliant on share price appreciation, and flagged the company for escalation. At the 2023 annual general meeting, a significant portion (32%) of the company's shareholders voted against the plan\*. Many also escalated by voting against the members of the Compensation Committee, resulting in 29% against the chair and 19% against the other members (versus an average of 2.9% for other board members).

### OBJECTIVE

Review proxy items including the executive compensation plan, and receive a status update on pending regulatory action in Italy.

### SUMMARY

In 2022, FI met with Amazon to suggest several ways to strengthen the structure of the company's executive compensation plan, which is almost exclusively comprised of long-term restricted stock units. This means the executives' pay is primarily contingent upon share price appreciation, and we would like to see more balance among the incentives. We held an update meeting in Q2, where we learned the company is putting forward the same plan – the board made no changes. We reiterated our concerns about the structure, along with the lack of transparency around payout metrics. We informed the company that due to pay/performance misalignment and lack of transparent payout criteria, it is difficult to support the plan in its current iteration.

*Regulatory Action:* We requested a status update on the company's appeal of a €1 billion fine levied by the Italian Competition Authority. The regulator alleges Amazon engaged in anti-competitive behavior, which the company refutes. The EU Court of Justice reviewed the appeal and sent the case back down to the local Italian court for adjudication. Amazon expects a decision to be issued in the latter half of the year.

\*Source: Amazon AGM 2023 Results.

MSCI ESG Rating Source: MSCI ESG Research, as of June 2023.



# ENGAGEMENT HIGHLIGHTS

## ASE TECHNOLOGY HOLDING CO. (ASX)



SECTOR: INFORMATION TECHNOLOGY

MSCI ESG RATING: A



TOPIC: ENVIRONMENTAL OPPORTUNITIES  
CLIMATE CHANGE STRATEGY  
WATER CONSERVATION  
SUSTAINABLE SOURCING  
CORPORATE GOVERNANCE

STATUS: CONCLUDED

### OBJECTIVE

Review the company's sustainability initiatives and discuss the feasibility of shifting more operating sites to 'green facilities'.

### SUMMARY

ASE Technology Holding Co. (ASE) is a semiconductor company based in Taiwan. FI met with the company to discuss several environmental and governance-related topics.

*Climate Change Strategy:* ASE aims to reduce Scope 1 and Scope 2 emissions 35% by 2030 and Scope 3 emissions 15% in the same time period. FI noted that the primary source of ASE's environmental footprint can be attributed to GHGs emitted from electricity and recommended an interim target around the company's total electricity consumption attributed to renewable energy. The company is currently evaluating the use of green energy at its operating sites and aims to purchase 800-megawatts of green energy by 2030. It is also looking at smart grids, which would allow for a more efficient transmission of electricity and more integration of energy-efficient processes, and potentially, carbon capture.

ASE places an emphasis on 'green facilities', noting that the only plants they currently build are green buildings. These facilities adhere to international low carbon building standards and FI inquired if it would be

feasible to apply this criteria to all operating sites. The company stated that it aims to make all of its operating sites 'green facilities' in the next ~10 years and undertakes projects to reform older buildings that have negative environmental impacts.

*Water Conservation:* In our view, ASE seems to be an industry leader regarding water stewardship and achieved its water intensity target in 2021. We asked if the company would consider even more aggressive targets around its water use – it responded that this would be an item for the future, but the company is constantly evaluating ways to use less water in its operations. ASE maintains two water recycling plants and hopes they can replicate these on a global scale, if allowed by local regulations. The company also leverages smart water supply management systems, allowing it to more easily calculate water usage from various operating sites and potentially set more aggressive targets.

*Sustainable Sourcing:* ASE has various targets regarding its suppliers and is currently assessing how to ensure that all of its suppliers have SBTi-aligned goals. The company awards its suppliers that adhere to sustainability best practices via Supply Chain Awards and predicts that all critical suppliers will have relevant ISO certifications in the near future.

*Corporate Governance:* Given our data provider noted that ASE may have a number of long-serving directors on its board in addition to lacking an independent majority, FI inquired on the company's view of board refreshment and the long tenure of some board members. ASE noted that due to the challenges of corporate governance in the semiconductor industry, the company aims to meet local requirements in Taiwan such as holding director elections every three years and having at least three independent directors.

### OUTCOME

Engagement concluded. We feel that ASE has separated itself as an industry leader regarding relevant sustainability issues. The company is constantly evaluating ways to become more energy efficient and we look forward to seeing more progress in the future. No additional outreach is planned at this time.

# ENGAGEMENT HIGHLIGHTS

## BANK OF AMERICA CORP. (BAC)



SECTOR: FINANCIALS

MSCI ESG RATING: A

TOPIC: PROXY VOTING  
EXECUTIVE COMPENSATION

STATUS: CONCLUDED

### OUTCOME

Engagement concluded. We received the information we needed to cast our vote. The company welcomed our feedback on the short-term compensation plan.

### OBJECTIVE

Gather information to inform proxy vote.

### SUMMARY

After our proxy advisor recommended that FI vote against Bank of America's advisory vote on executive compensation, we met with the company to seek additional details. The proxy advisor had issued "cautious support" for several years, and indicated that pay-performance misalignment was the deciding factor in tipping the current recommendation to "against." However, when the recommendation was issued, half of the company's cohort had not yet filed their 2023 proxy statements and the proxy advisor used the prior year's data for the comparison. Due to the wide variation in stock market performance during the two-year time period, we viewed this as a meaningful discrepancy. When the analysis was run using comparable data, the company's pay-performance risk changed from "medium" to "low."

We also provided feedback to the company that the overall compensation plan structure could be strengthened with better disclosure of the short-term incentives' weightings, target metrics, and payout thresholds. We suggested that such improvements could remove the "cautious support" label its plan has consistently carried.

# ENGAGEMENT HIGHLIGHTS

## BECHTLE AG (BG8)



SECTOR: INFORMATION TECHNOLOGY



MSCI ESG RATING: A



TOPIC: CLIMATE CHANGE STRATEGY  
GHG EMISSIONS  
HUMAN RIGHTS POLICY  
EXECUTIVE COMPENSATION

STATUS: ONGOING

### OBJECTIVE

Gain insight on the company's climate change strategy, GHG emissions and reduction targets, human rights policy and executive compensation.

### SUMMARY

FI met with Bechtle to gain further insight into the German IT company's climate change strategy and human rights policy, as well as how sustainability factors are incorporated into executive compensation. Bechtle views sustainability as being at the heart of the business strategy, and it has been for 10 years.

*GHG Emissions:* FI inquired about the company's progress on its GHG emissions reduction targets. Bechtle has a detailed document on this (Bechtle Climate Strategy). The company is working on a number of initiatives including verification by the Science Based Targets initiative (SBTi) and using a third party to measure emissions more effectively across the entire business. The company has broken its emissions targets into upstream/downstream and Scopes 1 and 2, and Scope 3, and asks suppliers and partners to demonstrate they are making positive steps towards sustainability.

FI inquired why emissions are increasing despite the company's 2030 net zero target. It is due to business growth with Scope 1 increasing, Scope 2 decreasing, and Scope 3 increasing primarily from the volume of goods

and services and the return to corporate travel following COVID-19 restrictions. To mitigate travel-related emissions, the company is analyzing carbon efficient transportation methods. Bechtle is focused on accurate data measurement, which will inform reduction strategies. FI encouraged the company to publish details on initial plans/initiatives and begin to show progress on reducing intensity if it intends to meet the 2030 target.

*Human Rights:* Bechtle's supply chain has a broad scope of vendor partners, and it focuses on social and ecological evaluation criteria. The company publishes a Supplier Code of Conduct that over 90% of suppliers must adhere to. Its Vendor Management Team oversees compliance and uses an external/third party verification tool. The majority of its suppliers are in Asia and they are mindful of companies relocating (for example, from China to India) and the potential adjustments that will be needed due to regional differences. The last CSR audit was circa 1.5 years ago which included human rights.

*Executive Compensation:* Bechtle does not incorporate sustainability KPI's into executive compensation. FI encouraged the company to consider it as a way to ensure the achievement of its stated sustainability goals. Following the low 66% shareholder vote supporting the company's compensation plan, Bechtle understands investors want to see improvements and is working on a solution.

*ESG Management Team:* Bechtle created a new ESG management team that holds bi-monthly workshops with the board. In 2020, the board set the 2030 targets, and took full consideration of the business when doing so. The company believes it can continue to see the business grow and achieve its targets, and in 2021 saw an uptick in ESG efforts because of the 2020 targets.

### OUTCOME

Ongoing engagement. Bechtle has been working on making sustainability a core part of the business. FI encouraged the company to release details on how it will achieve its 2030 GHG Emissions Reduction targets, as well as adding sustainability KPIs to Executive Compensation.

# ENGAGEMENT HIGHLIGHTS

## BHP GROUP LTD. (BHP)



SECTOR: MATERIALS

MSCI ESG RATING: A



TOPIC: BIODIVERSITY  
COMMUNITY RELATIONS  
EMPLOYEE RELATIONS

STATUS: ONGOING

### OBJECTIVE

Review and assess the company's ongoing remediation efforts at the Fundão dam area in Brazil and the Escondida copper mine in Chile, and efforts to address allegations of workplace discrimination in Australia.

### SUMMARY

FI joined our third-party service provider to discuss ongoing issues related to environmental impact, community relations, and workplace discrimination.

*Remediation of Fundão dam area in Brazil:* BHP stated that it has spent nearly \$6 billion in remediation following the 2015 Fundão dam in Minas Gerais mining tailings dam breach that killed 19 people. The mine is a joint venture with Vale. Brazilian authorities claim the company has not credibly implemented the agreed upon water remediation measures. Additional criticisms focus on the consultation with local stakeholders and community resettlement plans. The company referred to its September 2022 third party (including Brazilian Government) verification of the remediation of the river pollution, confirming the water quality has generally returned to historical levels. In addition, BHP said that compensation and financial assistance has been paid to approximately 410,000 people and approximately 70% of resettlement cases are complete.

*Escondida copper mine in Chile:* BHP's majority owned subsidiary, Minera Escondida Ltd., has long been criticized for negatively affecting the local water reserves. The company has been fined by the Chilean Environmental Authority (SMA) for excessive withdrawals at the mine site and for impacting water resources in the sensitive Atacama Desert. The company explained BHP had engaged with the local community for several years in line with BHP's Indigenous Peoples Position Statement. This resulted in BHP ceasing the groundwater withdrawal from the Salar de Punta Negra aquifer in 2017 and the Monturaqui aquifers in 2020. The Council of Atacameños Peoples supported this decision. The company also stated that the legal proceedings by the Chilean Environmental Authority had been suspended for 60 days, but it is focused on finding a mutually acceptable settlement agreement, which may include additional remediation measures.

*Preventing workplace discrimination in Australia:* We requested BHP's plans to respond to the June 2022 Parliament report, "ENOUGH IS ENOUGH" that documented widespread sexual harassment in the mining industry. BHP said it began working to prevent gender-based discrimination in 2016, and has set a 2026 gender balance target. It treats sexual harassment as a health and safety material risk within the company's risk management framework. As a result, BHP has established a Sexual Harassment Project Management Office through the office of the CEO to oversee and coordinate all sexual harassment work across the company. BHP has provided sexual harassment prevention and behavior training to all employees as part of the prevention efforts.

### OUTCOME

Ongoing engagement. FI is encouraged by the openness of the company in discussing and sharing information on these issues. The company has put in place numerous measures to address environmental protection and obtain community consent. We believe the company is sincere in its effort to address sexual harassment, but it will take time to know if the programs are effective. We will continue to monitor the company's progress, and will likely re-engage in the future.

# ENGAGEMENT HIGHLIGHTS

## BILFINGER SE (GBF.DE)



SECTOR: MATERIALS

MSCI ESG RATING: A



TOPIC:

CLIMATE CHANGE STRATEGY  
DIVERSITY & INCLUSION  
HEALTH & SAFETY  
EXECUTIVE REMUNERATION



STATUS: ONGOING

### OBJECTIVE

Seek information regarding the company's strategy to address climate-related business risks and assess the human capital programs. Gather information on proxy proposals on remuneration.

### SUMMARY

*Climate Change Strategy:* The German industrials company, Bilfinger SE, made a commitment to become carbon neutral in Scopes 1 & 2 GHG emissions by 2030 and set an absolute reduction target of 50%. Because emissions from operations (Scope 1) make up the vast majority, as of 2023 the company has conducted a structured assessment of its emissions by region. The climate transition strategy is focused on three primary levers to drive emissions reduction: real estate energy efficiency, electrification of fleet vehicles, and raising renewable power usage. The decentralized approach allows tailored actions based on market conditions and efficient ramp-up of climate solutions. The company intends to report its Scope 3 downstream emissions by the end of the year.

*Health & Safety:* Bilfinger maintains that occupational safety and health protection is the company's top priority with the safety goal of "Zero is Possible." The company reported higher total recordable incident frequency (TRIF) in 2022 compared to 2021, and there was one reported fatality each year. FI inquired how the company intends to improve its safety record. The overall TRIF and fatality rate is improving in absolute

terms. For a company with many clients in higher risk categories, including oil & gas, safety culture is a priority topic. It conducts safety awareness programs and dedicated teams perform routines to instill safety-focused behavior. Its incident reporting framework is robust and functioning well.

*Diversity & Inclusion:* FI asked if the company has specific leadership development programs to increase the number and proportion of women at the board and executive levels. The company has stated a target to add female representation in the executive board and there are internal targets to add women to top management levels. However, there are no specific programs currently underway.

*Governance – Remuneration Proxy Proposals:* Global proxy advisory firms recommended to vote against the executive remuneration report in 2022 annual general meeting. Subsequently, more than 45% of shareholders opposed the proposal. The company said it made major changes to the compensation program metrics, while extending the assessment period to three years. For example, the short-term incentive (STI) metrics added 20% weighted ESG targets and the long-term incentive metrics added relative TSR for 40% weight and ESG targets for 20% target. However, the program retained discretionary special bonuses for executives although total remuneration was capped in line with European SRD II legislation.

### OUTCOME

Ongoing engagement. The company's structured process of analyzing its emissions and the proposed schedule of disclosure is a positive. FI will continue to monitor the performance of its emissions reduction as the proposed strategy is implemented. We may seek an update meeting in 12 months to discuss progress on climate and human capital issues.



# ENGAGEMENT HIGHLIGHTS

## CHEVRON CORP. (CVX)



SECTOR: ENERGY

MSCI ESG RATING: A



TOPIC: CLIMATE CHANGE STRATEGY  
GHG EMISSIONS  
POLITICAL CONTRIBUTIONS & LOBBYING

STATUS: ONGOING

### OBJECTIVE

Receive an update on the company's business strategy related to climate and capex allocation to low-carbon solutions.

### SUMMARY

FI and other institutional investors met with Chevron Corporation (Chevron) to seek updates on the company's plans to address climate-related business risk. Chevron stated it sees the future as low carbon but the path to get there is unknown today. The company believes oil demand will decline but not within the next 10 years. It is moving away from megaprojects (\$30-40 billion) due to heightened risks and has committed \$8 billion to developing low carbon solutions for parts of the value chain that cannot be electrified.

*GHG Emissions:* Chevron reports Scope 1 and 2 upstream emissions across both operational sites and equity stakes, unlike most peers. The company is reluctant to set a Scope 3 emissions reduction target. It publishes Scope 3 emissions data but challenges the assumption that Scope 3 is within their control. Chevron does not plan to set a net zero target for the whole business.

*Oil & Gas Methane Partnership 2.0:* Chevron remains engaged with OGMP 2.0, but has not joined. The company is waiting to see the US Environmental Protection Agency's proposed methane regulations

(expected this year) before making a decision on joining OGMP 2.0. It believes it has met much of the OGMP 2.0 requirements, and wants to be mindful of the cost considerations along with targeting abatement rather than measurement.

*Increased Oil Output:* FI inquired why Chevron has increased output from 3M to 4M bpd. The company stated that demand has increased and noted that the IEA World Energy Outlook forecasts oil and gas production growth, even in its conservative models. Chevron's objective is to be a top supplier of low carbon intensity per barrel of oil.

*Clean Technologies:* Chevron is placing multiple small bets in new/green/clean technologies, as the company believes a number will fail so it wants to ensure it has broad exposure. The company believes the world's energy supply will become more fragmented and has used MACC (Marginal Abatement Cost Curve) analysis on all major assets to evaluate their financial and carbon suitability.

Chevron is the second largest biofuels producer in the world, and is half way to its target. The company has a good historical record of acquisitions to develop and grow the business, including Noble Energy and Renewable Energy Group. The next focus is on Carbon Capture Utilization and Storage (CCUS) targets and hydrogen development.

*Political Lobbying:* Chevron supports setting a price on carbon and a well-designed cap and trade deal. The company works globally on lobbying and is improving its disclosure. Within some of the larger trade associations, Chevron uses its voice to advocate on these topics.

### OUTCOME

Ongoing engagement. FI suggested the company continue (and if appropriate, increase) its allocation to low-carbon capex and consider becoming a signatory to OGMP 2.0.

# ENGAGEMENT HIGHLIGHTS

## COMPASS GROUP PLC. (CMPGY)



**SECTOR:** CONSUMER DISCRETIONARY

**MSCI ESG RATING:** A

**TOPIC:** COLLECTIVE BARGAINING & UNIONS  
HUMAN RIGHTS POLICY

**STATUS:** CONCLUDED

including freedom of association. Additionally, Compass Group provides a confidential grievance reporting program that is accessible 24/7 in the local language to all employees. The group Ethics and Integrity team (located outside Turkey) independently manages the grievance reporting mechanism.

### OUTCOME

Engagement concluded. Compass Group was forthcoming in providing information about its employee relations at its Turkish subsidiary. The company has instituted several steps to address the grievances, including better compensation and training leaders on core International Labour Organization conventions.

### OBJECTIVE

Discuss the company's efforts to respect union rights in Turkey.

### SUMMARY

FI joined our third-party service provider to engage Compass Group Plc., a British food service contractor, regarding allegations it did not respect union rights in its Turkish subsidiary. Media reports and a local trade union had alleged that Euroserve Hizmet ve İşletmecilik A.Ş. (Euroserve), a subsidiary of Compass Group, undermined union activities at a factory in Izmir, Turkey. The union stated that since August 2022, about 120 workers were dismissed for organizing and that the local management subjected union members to threats including forced resignation.

In its response, the company refuted any allegations of anti-union practices and stated that any dismissals were unrelated to union participation. To improve employee relations at the Izmir plant, Euroserve took measures to improve compensation, organizational structure, engagement, and strengthen its leadership.

The company also appointed a Human Rights Champion at its Istanbul headquarters to raise human rights awareness and provide training on Ethics and Integrity and Human Rights to the plant's leadership and supervisors during Q1 2023. According to the company, this training touched on the company's commitments to the four core ILO conventions,

# ENGAGEMENT HIGHLIGHTS

## DIASORIN S.p.A (DIA.MI)



SECTOR: HEALTH CARE



MSCI ESG RATING: BBB



TOPIC: TRAINING & DEVELOPMENT  
EXECUTIVE COMPENSATION  
CLIMATE CHANGE STRATEGY  
GENERAL ESG DISCLOSURE



STATUS: CONCLUDED

### OBJECTIVE

Receive information on the company's sustainability and human capital development programs and encourage disclosure of its emissions data.

### SUMMARY

The Italian biotechnology company acquired the US-based Luminex Corp. in 2021. Subsequent restructuring and centralizing of duplicative roles led to about 15% turnover of employees. For a company operating in a competitive environment that requires highly skilled labor, attraction and retention of talent is crucial. DiaSorin is leveraging excellent training and immersive orientation programs along with monetary incentives to boost employee retention. Most new hires undergo a 6-month orientation program, while lab technicians have specialized laboratory training. The company also offers wellness incentives and competitive health benefits. The company strives to be ISO 145001 certified for occupational health & safety by the end of the year.

*Executive Compensation:* FI's proxy advisor recommended a vote against the 2023 executive remuneration plan due to a provision that allows CEO/GM termination payments exceeding 24 months' pay. The company

responded that it is transparent about its remuneration philosophy, which is proportionate to its peers in magnitude and adheres to local market practices.

In response to our inquiry about ESG metrics in the compensation plan, DiaSorin said the board of directors recently approved a three-year ESG achievement incentive plan. While the company is still finalizing the specific ESG objectives, the new bonus plans include achievement of the overall ESG goals in the variable pay incentives.

*Climate Change Strategy:* DiaSorin has disclosed its Scope 1 and Scope 2 GHG emissions data but has not taken action on its Scope 3 emissions due to the complexity of assessment. Although it has not specified emissions reduction targets, the company is already reducing its operational carbon footprint. It has installed solar panels in its Italian facilities and purchased renewable energy and hopes to extend similar programs in other global operations. The company has also begun a plastic free project – all its Italian operations, except for the labs, are now plastic-free.

*General ESG Disclosure:* We suggested that the company engage with ESG data providers to ensure data accuracy and have its assessment updated correctly to reflect developments.

### OUTCOME

Engagement concluded. We provided feedback aimed at strengthening DiaSorin's ESG disclosures, which the company will consider. We will monitor the company's emissions reduction performance and seek future engagements if warranted.

# ENGAGEMENT HIGHLIGHTS

## EXPERIAN PLC. (EXPGY)



SECTOR: INDUSTRIALS

MSCI ESG RATING: A

TOPIC: DATA PROTECTION & PRIVACY

STATUS: CONCLUDED

controls and some internal policy deviations but found no material adverse findings in the company's enhanced control and administrative processes. In its March 2022 report to the IR, the company indicated that it deems the matter closed unless the Regulator informed the company otherwise.

### OUTCOME

Engagement concluded. Overall, the company has responded with robust policy and program enhancements, and we believe the situation has been satisfactorily addressed. Experian has also adhered to the local regulator's requirements.

### OBJECTIVE

Follow up on the company's data protection and security performance after a 2020 data breach incident in South Africa.

### SUMMARY

FI joined our third-party service provider to re-engage Experian Plc regarding the company's data protection and security performance. We had engaged the company in Q1 2021 after a September 2020 data breach in South Africa potentially compromised approximately 25 million customer records. The company had affirmed its cooperation with the South African Information Regulator (IR), and said it enacted a number of mitigation measures to ensure customer data was protected by enhancing the management of its cyber security systems and governance. The company expected to be compliant with the pending South African Protection of Personal Information Act.

In the current engagement dialogue, we inquired about the status of the remediation and administrative measures and if the company had reached a final resolution with the South African Information Regulator (IR). In its response, Experian highlighted that the incident was not a "cybersecurity" incident but actually a "fraud" incident. The company completed a root-cause analysis and risk assessment that led to additional controls and safeguards designed to prevent reoccurrence. An external audit firm appointed by the IR recommended enhanced

# ENGAGEMENT HIGHLIGHTS

## FORTESCUE METALS GROUP LTD. (FMG)



SECTOR: MATERIALS

MSCI ESG RATING: AA

TOPIC: DIVERSITY & INCLUSION

STATUS: ONGOING

### OBJECTIVE

Receive an update on the company's efforts to prevent workplace discrimination in Australia.

### SUMMARY

FI joined our third-party service provider to engage Fortescue Metals Group on the company's programs to prevent workplace discrimination in Australia.

Following the June 2022 "ENOUGH IS ENOUGH" parliamentary inquiry report, Fortescue recorded 71 reports of alleged sexual harassment from 2017 to November 2021. FI sought updates on implementation of the report's recommendations, and information on other measures adopted by the company. The report broke the recommendations down into three categories, the first for companies to consider, the second for the industry more broadly, and the third category for the government and the regulators. The company has completed all the recommendations that apply directly to it including disciplinary action, establishing alcoholic drink limits, increasing female workforce participation and monitoring contractors for labor rights as well as training for all workers. The company is supportive of the second category and cannot comment on the third category as it has no influence on this.

The company also said it is in the process of understanding what constitutes best practice when it comes to disclosure, and is trying to determine what investors and external stakeholders want to see. The company discloses several metrics in its annual report, including the number of submissions to the whistle-blower hotline.

The company also publishes the Code of Conduct and Integrity policy on the website. This policy applies globally and outlines its values.

### OUTCOME

Ongoing engagement. FI is encouraged by the openness of the company in discussing and sharing information on these issues. We believe the company is sincere in its effort to address sexual harassment, but it will take time to know if the programs it has implemented are effective. We will continue to monitor the company's progress, and will likely re-engage in the future.



# ENGAGEMENT HIGHLIGHTS

## FREEMPORT MCMORAN (FCX)



SECTOR: MATERIALS



MSCI ESG RATING: BBB



TOPIC: CORPORATE GOVERNANCE  
CLIMATE CHANGE STRATEGY  
HEALTH & SAFETY  
HUMAN RIGHTS

STATUS: ONGOING

### OBJECTIVE

Follow up meeting to review the status of the company's emissions reduction verification plan and assessment of its safety performance.

### SUMMARY

Freeport-McMoRan requested an engagement meeting to discuss its governance changes and to provide updates on its sustainability programs ahead of the annual general meeting.

*Corporate Governance:* The company embarked on a board refreshment initiative, which led to the nomination of two new female members at the 2023 annual general meeting. Overall, the directors bring a range of experience including leadership roles in sustainability and ESG issues. To supplement the board's knowledge, the company organizes onboarding experiences including mine tours to provide up-close and personal insights into the company's mineral assets and human resources.

*Climate Change Strategy:* In our previous engagements, the company suggested that it was going to submit its 2030 GHG emissions reduction targets to the Science Based Target Initiative (SBTi) for verification. We inquired about the status of the submission. The company responded that it is not going to submit for verification until SBTi produces specific copper industry sectoral targets. Meanwhile, the company has attained Copper Mark, the copper industry's responsible production certification, for all 12

of its copper producing operations.

The company established emissions reduction targets for its Atlantic Copper and Colorado operations. It is also advancing in its Scope 3 emissions assessment but there are no clear deadlines for disclosures yet. To meet its climate transition goals, the company is working to secure renewable energy sources in North America and Peru. In its Indonesian operations at PT-FI, the company is formally conducting a feasibility study to complement its existing coal-fired power plant with LNG.

*Health & Safety:* In 2022, the company reported one work-related fatality, which is lower than the previous two years. Yet, the Total Recordable Incident Rate (TIRR) of 0.77 edged slightly higher than last year. Due to past fatalities and missed safety targets, the health & safety (H&S) team conducted a root cause analysis and found that 90% of TIRR occurred with workers that had been with the company for less than three years. Additional safety training directed to low-tenured workers has been initiated at some sites to improve on safety performance.

*Human Rights:* In 2022, PT-FI found and dismissed three underage subcontractors who were hired through the company's Engineering, Procurement and Construction sub-contractor firm. The company said that it has robust programs to verify age eligibility for all workers and contractors. It is working with all sub-contractors to ensure robust verification and adherence to all its employee policies.

### OUTCOME

Ongoing engagement. The company's reluctance to pursue SBTi verification of its emissions reduction targets is a negative. However, the climate transition program is gaining pace through increased use of renewables and efficiency gains. The outcomes of dedicated safety training is yet to be evaluated given the number of worker fatalities suffered in each of the last three years. The board refreshment drive to add diverse and experienced directors is encouraging. We will continue to monitor company performance for progress in each of these areas.

# ENGAGEMENT HIGHLIGHTS

## HYPERA SA (HYPMY)



SECTOR: HEALTH CARE

MSCI ESG RATING: BB



TOPIC: CORPORATE GOVERNANCE  
HUMAN CAPITAL  
ACCESS TO HEALTH CARE  
PRODUCT QUALITY & SAFETY  
WATER CONSERVATION



STATUS: ONGOING

### OBJECTIVE

Follow up engagement to receive updates on the company's social impact and human capital development programs and the status of its sustainability project.

### SUMMARY

*Corporate Governance:* Hypera adopted an enhanced Code of Ethical Conduct in April 2023, which committed to a vision of sustainable growth, social responsibility and access to healthcare for the Brazilian population. As of the 2023 annual general meeting, the board of directors includes three women directors so there is 33% female representation in the board – well ahead of the country's average rate.

*Human Capital Development:* Hypera operates in a high-talent industry in a competitive environment and it has faced persistently high turnover. FI asked about its specific programs and policies to attract and retain talent. The company has incorporated turnover rate as a metric in variable compensation for executive leadership and began conducting employee satisfaction surveys. Based on the insights, the company introduced maternal and paternal leave, wellness programs, and in 2022 began offering equity compensation opportunities to officers, senior managers and managers. Comparing the previous two years, 2021 had high employee turnover but the rate improved markedly in 2022.

*Access to Health Care:* During the COVID-19 pandemic, Hypera had implemented an ad-hoc medicine donation program for the underserved. As a producer of low-cost generics, the company plays an important role in expanding access to medicine to the Brazilian population, and we inquired if the company plans to formalize its access to healthcare program. The sustainability group has reviewed the medicine donation program for positive community impact but there are no current plans to set-up such a program. In response to regional needs, the company continues to make ad-hoc medicine donations, especially following natural incidents.

*Product Safety & Quality:* Regarding the quality and safety of its pharmaceutical products, Hypera stated that Brazilian regulatory guidelines require tracking a product from the manufacturing plant to the distributors. It conducts audits and certifications of its critical suppliers, but this does not extend to non-medical suppliers. The company also has an internal code of ethics that applies to all employees and suppliers. If the company expands to export markets, it will consider receiving ISO certification.

*Water Conservation:* The company continues with its water reuse program in its production facility although no neutrality goal has been set. Hypera committed to donate 2.3 million USD to the "Juntos pelo Araguaia" project, Brazil's largest watershed recovery program along the 2,600 km Araguaia river basin. The project has successfully planted 87,000 seedlings in the Cerrado region.

### OUTCOME

Ongoing engagement. Hypera has improved its governance profile by adopting an enhanced code of conduct that commits to a vision of sustainable growth, which is supported by the diverse and experienced new board members. Its human capital programs are performing well amid a competitive market environment. At the appropriate time, we think formalizing the access to healthcare programs will ensure the societal benefits are achieved without cannibalizing the company's own sales.

# ENGAGEMENT HIGHLIGHTS

## KOSÉ CORP. (4922.T)



**SECTOR:** CONSUMER STAPLES

**MSCI ESG RATING:** BB



**TOPIC:** WASTE MANAGEMENT  
CLIMATE CHANGE STRATEGY  
SUSTAINABLE SOURCING  
PRODUCT SAFETY & QUALITY

**STATUS:** ONGOING

### OBJECTIVE

Information gathering on the company's waste management & recycling initiatives and encourage the company to set targets around post-consumer product recovery.

### SUMMARY

We engaged KOSÉ Corporation, a Japanese personal care products company, to discuss the company's sustainability priorities and encourage it to set targets related post-consumer product recovery.

*Waste Management:* The company has set a target to reach 100% implementation of sustainable plastic packaging material by 2030. In 2021, the company reached 20.9% and it expects to publish 2022 data in the near future. It expects a substantial increase due to better availability of recycled content and biomass containers. While the company confirmed the sustainable packaging materials cost more, it does not see this as a significant obstacle. As KOSÉ adapts more of its product lines, it is working through quality issues, especially with recycled plastic containers. The company has also set a 2025 target of zero non-recyclable waste for its factories in Japan and Taiwan, which it plans to expand to other parts of its operations. FI encouraged the company to consider setting targets around post-consumer product recovery and the company stated that it would explore this in the future. KOSÉ has seen increased participation in its takeback program, but a major challenge is

that the company relies on consumers to bring their materials back to the company's facilities, which may not be feasible in all markets.

*Climate Change Strategy:* Given a recent assessment from our data provider, we inquired if KOSÉ would consider placing targets around purchased renewable energy. The company stated that it began purchasing renewable energy in 2020 for two of its factories and is currently evaluating placing targets in this area. The company has engaged two of its suppliers who provide ingredients for cosmetic products. KOSÉ had asked these suppliers to share their own GHG emissions reduction data to determine areas of opportunity to decrease emissions.

*Sustainable Sourcing:* The company began using RSPO (Roundtable on Sustainable Palm Oil) Certification Credits in 2021 and set a goal of 100% responsible palm oil procurement by 2030. Approximately 20% of its supply is currently RSPO certified, so this will be a focus area.

*Product Safety & Quality:* FI's data provider noted the company lacks responsible chemical management programs, and we inquired if it has a formal chemical phase-out plan. KOSÉ is aware that certain chemicals are reported to be unsafe, but maintains very high standards that its products must adhere to. The company also has a lengthy ingredients policy that is publicly available in order to be transparent about the chemicals used in its products.

### OUTCOME

Ongoing engagement. The company is making progress related to various sustainability issues and we will continue to monitor its progress over time, specifically regarding potential post-consumer product recovery targets and its goal around palm oil procurement.

# ENGAGEMENT HIGHLIGHTS

## LG CHEM LTD. (051910.KS)



SECTOR: MATERIALS



MSCI ESG RATING: BBB



TOPIC: CLIMATE CHANGE STRATEGY  
BIODIVERSITY  
HUMAN RIGHTS POLICY  
BOARD OF DIRECTORS  
EXECUTIVE COMPENSATION

STATUS: ONGOING

### OBJECTIVE

Gain insight on the company's strategy to address climate-related business risks, programs to protect biodiversity, human rights policy, and how sustainability is factored into executive compensation.

### SUMMARY

FI met with Korea-based LG Chem to discuss several aspects of the company's sustainability programs. LG Chem said that strong business performance has resulted in increased investment in its sustainability efforts, with a focus on recycling and biodegradable products. Future plans include chemical recycling and phasing out traditional energy.

*Climate Change Strategy:* FI inquired how the company is using Carbon Capture and Utilization (CCU). LG Chem has found CCU difficult to commercialize across its operations globally. The company is working with the Korean government and academics to help advance its development, and plans to incorporate CCU when the technology improves.

LG Chem is targeting carbon neutral growth by 2030 and sees three ways to get there: 40% from increasing energy efficiency, 50% from renewable energy and 10% from carbon offsets and other initiatives. Following this, the company is targeting net zero emissions by 2050. The offsets LG Chem use today are focused on reforestation and water purification,

which it views as being closest to its value chain.

*Biodiversity:* FI inquired on the company's efforts related to biodiversity and protecting the ecosystems where the company operates. It has been vetting multiple targets with a focus on waste reduction and increasing recycling as a way to send zero waste to landfills. The company prioritizes material areas as defined by the South Korean government. For its petrochemicals and battery businesses, the focus is very much on recycling, where the company has been measuring waste but not biodiversity specifically. FI encouraged the company to set targets and disclose its progress, which the company will take into consideration.

*Waste Management:* We believe the company has a clear strategy and oversight of its toxic waste and has sufficient disclosure. It focuses on the efficiency of its existing facilities – specifically water pollution and gases, for which it is developing its own technology. The company's objective is to exceed the global legal standard.

FI noted LG Chem's NOx emissions increased in 2021 compared to previous years. This is due to opening a new facility and a revision in how the government requires air pollution data to be reported. The 2020 data is 'real' but in 2021, the company was required to multiply emissions by a factor set out to them. In the next report, the company plans to include 'real' 2021 emissions data for comparative purposes.

*Gas Leak in Visakhapatnam, India:* FI inquired on the latest update following the May 2020 accident that killed 12 people and hospitalized hundreds. After the accident, the company deposited money with the Indian Congress to cover damages. There have been many investigations from the court, but the COVID-19 pandemic has delayed the proceedings. The company is waiting on the Supreme Court and does not have a timeline at present. To prevent additional accidents, LG Chem revised its environmental health and safety management guidance, factory best practice guidelines, emergency protocols for each plant and detection technology. Once fully incorporated it expects no further events.

# ENGAGEMENT HIGHLIGHTS

## LG CHEM LTD. (051910.KS)

*Board of Directors:* The company frequently speaks to investors about its lack of a remuneration committee. LG Chem has received multiple suggestions but has no plans to change, and doesn't see this as a big concern given shareholders vote on executive remuneration each year via proxies. The company has improved diversity by adding two outside female directors. In 2021, LG Chem added an ESG and internal sustainability committee with a focus on monetizing ESG items and transactions. The company also increased the audit committee from three directors to four.

*Executive Compensation:* FI asked if there are specific ESG-linked KPIs in executive compensation. LG Chem's KPIs are made up of financial performance, long-term projects/capex and HR development. Within the projects and capex category there are specific metrics tied to future technology, recycling, carbon reduction and environmental and safety issues.

### OUTCOME

Ongoing engagement. LG Chem has taken several steps to improve its sustainability efforts and is working on a number of initiatives. FI will continue to follow the progress the company makes and encouraged the company to set targets and measure progress in relation to biodiversity.



# ENGAGEMENT HIGHLIGHTS

## MERCADOLIBRE (MELI)



SECTOR: CONSUMER DISCRETIONARY

MSCI ESG RATING: A



TOPIC: CLIMATE CHANGE STRATEGY  
OPPORTUNITIES IN CLEAN TECHNOLOGY  
BIODIVERSITY  
COMMUNITY RELATIONS  
DATA PROTECTION & PRIVACY

STATUS: ONGOING

### OBJECTIVE

Follow up meeting to review the status of the company's strategy to address business-related climate risk and receive updates on its community impact and data security programs.

### SUMMARY

*Climate Change Strategy:* In our last meeting, MercadoLibre said that it is using a decentralized approach in which individual business units set their emissions reduction targets, which allows the business units to adjust their initiatives to accommodate growth. We inquired about the status of the project and learned the company is ready to set company-wide reduction targets along with action plans in Scopes 1 and 2 GHG emissions. The remaining challenge is assessing Scope 3 emissions for which the company is working with academics and consultants to assess and structure it properly. The company already discloses absolute and intensity metrics by multiple denominators, and intends to publicly disclose its emissions reduction targets in Q4 2023.

*Opportunities in Clean Technology:* On the status of transitioning to renewable energy, the share of renewable energy went from 3% in 2020 to 30% last year. Largest operational fulfillment centers in both Brazil and Mexico now run on almost 100% renewable electricity. However, transition is much more challenging in Argentina where the government provides 30% subsidy on the cost of electric utility. The subsidy has hindered the

MSCI ESG Rating Source: MSCI ESG Research, as of February 2023.

development of the secondary renewable energy market because there is no incentive to pay 30% more for renewable energy.

In January 2021, the company issued a sustainability bond, which had major environmental and social aims, especially sustainable mobility and transition to EVs. The EV transition goal has led to higher volume but finding supplier partnerships at scale has remained a major challenge. The company has built about 200 charging stations so far and operates more than 150 trucks on natural gas. The ESG report to be published in August will disclose more updates on the sustainable mobility program.

*Sustainable Sourcing:* MercadoLibre has so far invested \$12.8 million in the Regenera America initiative, which aims to invest directly into forest and ecosystem regeneration. As of 2022, six different ecosystem regeneration projects in Brazil and Mexico are underway, covering 6000 total acres. The project is generating impact data and a website will be set up to disclose satellite data so investors can view the impact in real time.

To ensure suppliers comply with the company's sustainability guidelines, FI suggested that the company conduct periodic audits. It is beginning to assess the sustainability profile of the largest suppliers, but it is in the early stages of this project.

*Data Protection & Privacy:* As a digital commerce and financial services company, MercadoLibre identified data protection & privacy as its number one materiality issue. However, third party reports indicate the company lacks ISO 27001 certification and that third parties may have accessed the company's data. FI inquired if the data protection and security systems match global standards. It responded that its cybersecurity protocols match international standards and meets the local regulatory requirements on data and payment processing security. The company evaluated the ISO certification and concluded that additional certification would be duplicative. We suggested that the company might highlight its cybersecurity protocols and programs in disclosures for investors and data providers.

*Community Impact:* MercadoLibre loans capital to 5.2 million sellers, of which more than 48% are women entrepreneurs. It joined Pro Mujer and

# ENGAGEMENT HIGHLIGHTS

## MERCADOLIBRE (MELI)

Aliança Empreendedora to support financial education, reaching more than 2300 women entrepreneurs. Social impact is a major focus for the company, and it wants to deepen the impact. However, there are no targets on these initiatives.

### OUTCOME

Ongoing engagement. The company's challenges in transitioning its fleet to EVs due to lack of supply is understandable. We will continue to monitor the disclosures on its emissions target and review performance over time. Detailed disclosures on its data security capabilities and setting some aspirational targets on community impact would inspire further confidence.

# ENGAGEMENT HIGHLIGHTS

## PETROLEO BRASILEIRO S.A. (PBR)



SECTOR: ENERGY



MSCI ESG RATING: BB



TOPIC: CLIMATE CHANGE STRATEGY  
BIODIVERSITY  
CORPORATE GOVERNANCE  
GENERAL ESG DISCLOSURE

STATUS: ONGOING

### OBJECTIVE

Gain insight on the company's strategy to address climate-related business risks, programs to protect biodiversity, initiatives to improve corporate governance and ESG data disclosure.

### SUMMARY

Petrobras has seen strong business performance and is leveraging the results to improve its sustainability programs. The board recently approved an updated business plan for 2024–2028. As an example of the changes, the new plan increases the low carbon capex target from 6% to 15%. The company recently appointed a new CEO, CFO and Board of Directors, and also approved a new office related to the energy transition and sustainability to help it improve in all areas of the business. Petrobras has 4 pillars in relation to sustainability, "reduce our carbon footprint, protect the environment, care for people, act with integrity."

*Climate Change Strategy:* Petrobras has set emissions reduction targets in line with the Paris Agreement and Brazil's national commitment. This includes a reduction of total operational absolute emissions by 30% by 2030 and zero routine flaring by 2030. The absolute emissions target is notable, as most of Petrobras' competitors have set relative (intensity) based targets. The company views Brazil as having multiple options for renewable fuels, primarily ethanol which is used in most vehicles in Brazil. With over 70% of demand for its products coming from Brazil, it wants to

lead the domestic market. The company is developing biodiesel with a 5% renewable mix as well as sustainable aviation fuel to meet Brazil's requirement of its use from 2026. Scope 3 emissions are measured but it does not have targets at present.

*Carbon Capture Utilization & Storage (CCUS):* The company has invested substantial resources into CCUS. In 2022, it injected 10.6 million tons into the seabed and it plans to double this amount in the next 3 years. It is also evaluating a new project to mitigate CO2 streams from a gas processing plant by using injection into a hypersaline aquifer, which is projected to remove 100,000 tons per year from next year.

*Biodiversity:* 30% of the company's facilities have a biodiversity action plan, and the company has a target of 100% by 2025. This includes a program called Blue Ocean that aims to prevent contamination and product loss and features technological surveillance for risk analysis.

*Corporate Governance:* The company has focused on improving corporate governance, especially since the 'Operation Car Wash' corruption scandal that began in 2014. Petrobras created a nomination policy for executive officers and hired a Governance and Compliance Officer. This role has veto power and reports directly to the Board of Directors, and can only be dismissed by a majority of the Board, including the vote of at least one Director nominated by minority shareholders.

*General ESG Disclosure:* FI encouraged the company to interact and provide enhanced disclosure with MSCI to ensure data accuracy and that the assessment is updated correctly to reflect any recent developments.

### OUTCOME

Ongoing engagement. Petrobras has taken a number of steps to improve sustainability within the company, and to improve corporate governance. FI will continue to follow the company's progress and encouraged the company to discuss the data it is providing to MSCI to ensure accurate representation.

# ENGAGEMENT HIGHLIGHTS

## POST HOLDINGS, INC. (POST)



SECTOR: CONSUMER STAPLES

MSCI ESG RATING: BBB



TOPIC: WASTE MANAGEMENT  
WATER CONSERVATION  
CLIMATE CHANGE STRATEGY  
SUSTAINABLE SOURCING  
CORPORATE GOVERNANCE

STATUS: ONGOING

### OBJECTIVE

Review the company's waste management initiatives in addition to encouraging the company to set short & long-term targets around non-hazardous waste reductions.

### SUMMARY

We engaged Post Holdings, a U.S.-based consumer packaged goods company, regarding its environmental initiatives and governance practices.

*Waste Management:* The company tracks its landfill diversion across all businesses. Waste management initiatives are dependent on the geography and the type of material. The company's procurement team proactively engages with vendors as waste and recycling contracts come due at individual facilities, which is cost efficient. The company does have specific 2025 packaging targets for two of its businesses; Weetabix and Post Consumer brands, that encompass the full portfolio of packaging materials, including paper, plastics, and film. Additional business units and operating sites may be considered in the future. The company's has reduced material usage by ~1 million pounds in cereal boxes and shipping packaging and the company stated that many business units have made substantial progress and are working with suppliers to evaluate alternative packaging materials.

*Climate Change Strategy:* Post's 2030 30% emissions reduction target is company-wide. Weetabix switched to purchasing 100% certified renewable electricity, and the company's Michael Foods business maintains a solar energy project that began operating in May 2023. Post said it is evaluating more efficiency opportunities, including in-house and 3rd party energy audits, replacing outdated technology with energy efficient options, and is improving its data gathering to enhance performance accountability.

*Water Conservation:* The company recently began disclosing water metrics, including water use and intensity data. We inquired if Post plans to disclose company-wide targets in future reporting, but the company is not yet at that point. Instead, each business evaluates opportunities to manage water resources sustainably and many have seen substantial improvements in water conservation. The company's 'Global Water Risk Assessment' is currently going through an annual update, which includes additions of ~2,300 global supplier locations. Following recent studies conducted by the company, it has reasonably determined that its operational water footprint is much less when compared to its peers.

*Sustainable Sourcing:* Post has evaluated its top suppliers, and found that close to half have GHG emissions reduction targets. Post has also recently become a member of the CDP Supply Chain program, which will allow the company to more formally request GHG emissions data and best practices from its top suppliers. The company is emphasizing water conservation in its supply chain and as previously noted, it has evaluated ~2,300 supplier facilities on their water conservation techniques and results will be available later in 2023.

*Corporate Governance:* The company has a number of long-serving directors on its board in addition to one member sitting on too many boards. We inquired how the board thinks about board refreshment and the company stated that it has added three new directors in the last few years. The company believes that a mix of tenures on its board allows for balanced governance and even though it does not enforce formal term limits, the company does consider board refreshment a priority.

# ENGAGEMENT HIGHLIGHTS

## POST HOLDINGS, INC. (POST)

### OUTCOME

We encouraged the company to set targets around reuse and recycling for all business units and operating sites in addition to non-hazardous waste reductions. We will monitor the company's progress moving forward.



# ENGAGEMENT HIGHLIGHTS

## PTC THERAPEUTICS, INC. (PTCT)



SECTOR: HEALTH CARE



MSCI ESG RATING: BB



TOPIC: ACCESS TO HEALTH CARE  
PRODUCT SAFETY & QUALITY  
CLIMATE CHANGE STRATEGY  
EXECUTIVE COMPENSATION  
GENERAL ESG DISCLOSURE



STATUS: ONGOING

We recommended enhanced disclosure of ESG data. We also suggested that the company reach out to ESG data providers to ensure its ratings are accurate and reflect recent developments. For example, the sustainability report highlights a robust talent pipeline program that was initiated in 2020 but it has not been captured by our data provider.

### OUTCOME

Ongoing engagement. We will monitor the company for its updated disclosures on its emissions data and climate strategy and continue to evaluate the impact of its access to compassionate use programs.

### OBJECTIVE

Review the company's social programs and encourage it to disclose its emissions data.

### SUMMARY

PTC Therapeutics has recorded impressive revenue growth on its commercialized treatments over the last few years. We inquired about expanding access to the company's innovative healthcare solutions for rare diseases. The company has a comprehensive compassionate use program and engages with patients and patient advocacy groups to make its treatments widely available. To ensure product safety and quality, the company's quality management department has robust guidelines that address product quality in the production process.

The company does not currently disclose its GHG emissions but all its facilities meet the regulatory environmental management requirements. The company produced its first sustainability report in 2021, and it intends to publish the next updated version this year. The upcoming report will disclose relevant metrics, which we will review and assess for performance.

# ENGAGEMENT HIGHLIGHTS

## RIO TINTO PLC. (RIO)



SECTOR: MATERIALS



MSCI ESG RATING: A

TOPIC: BIODIVERSITY  
DIVERSITY & INCLUSION

STATUS: ONGOING

### OBJECTIVE

Receive an update on the company's efforts to prevent water pollution at QMM ilmenite mine in Madagascar and to address workplace discrimination in Australia.

### SUMMARY

FI joined our third-party service provider to engage Rio Tinto on water pollution in Madagascar and workplace discrimination in Australia.

*Biodiversity:* FI asked for the company's response to allegations that Rio Tinto's 80% owned subsidiary QIT Madagascar Minerals SA (QMM) is contaminating water bodies around its ilmenite mine in Madagascar and threatening the biodiversity of the island's forest. Rio Tinto has established a panel consisting of internal experts and independent consultants to improve the subsidiary's water management strategy, and the company commissioned a new water treatment plant. The company has also undertaken several biodiversity remediation measures such as on- and off-site conservation zones, and restoration and rehabilitation programs.

*Diversity & Inclusion:* In February 2022, Rio Tinto issued a public statement of apology following the release of the 2021 'Everyday Respect Report' that it commissioned after the industry came under governmental inquiry due to widespread allegations of sexual harassment. Rio Tinto exhibited leadership by publicly releasing its findings, which describe a culture of

bullying, sexual harassment, sexism, sexual assault, and racism across the company's global worksites. FI sought updates on the progress of the 26 recommendations from the report, as well as the company's response to the June 2022 Parliamentary report, 'ENOUGH IS ENOUGH' that investigated sexual harassment in the mining industry. Rio Tinto is focusing on culture as a key factor to address workplace discrimination. The company said that it expects all 26 recommendations of its 'Everyday Respect Report' to be completed by the end of 2024 and that the recommendations overlap with the 'ENOUGH IS ENOUGH' report. It intends to fulfill all the recommendations aimed at mining companies.

### OUTCOME

Ongoing engagement. FI is encouraged by the openness of the company in discussing and sharing information on these issues. We believe the company is sincere in its effort to address sexual harassment, but it will take time to know if the programs it has implemented are effective. We will continue to monitor the company's progress, and will likely re-engage in the future.

# ENGAGEMENT HIGHLIGHTS

## SAMSUNG HEAVY INDUSTRIES (010140.KS)



**SECTOR:** INDUSTRIALS

**MSCI ESG RATING:** CCC



**TOPIC:** CLIMATE CHANGE STRATEGY  
WASTE MANAGEMENT  
ENVIRONMENTAL OPPORTUNITIES  
SUSTAINABLE SOURCING  
CORPORATE GOVERNANCE

**STATUS:** ONGOING

### OBJECTIVE

Review the company's sustainability initiatives in addition to encouraging the company to set quantitative targets for investments in clean technology and waste reduction.

### SUMMARY

*Climate Change Strategy & Environmental Opportunities:* Samsung Heavy Industries (SHI) is part of the Samsung Group and is one of the world's largest ship builders. Given the increasingly stringent GHG emissions regulations from the International Maritime Organization, we inquired how the company intends to achieve its 2050 net-zero target. SHI has recently co-developed a solid oxide fuel cell powered liquefied natural gas (LNG) carrier, which is an industry leading eco-friendly ship designed to replace those with internal combustion engines. It also implements cold-heat technology to reduce costs and recover energy during the LNG regasification process. This affordable, eco-friendly technology allows the company to reduce its Scope 3 emissions. In addition, SHI is in the process of replacing all of its incineration facilities with screening centers in order to reduce its GHG emissions from waste incineration, and leverage external parties to more appropriately dispose of its waste.

SHI has recently expanded its investments in eco-friendly technologies in order to begin constructing ammonia pilot facilities and hydrogen carriers. Ammonia pilot facilities help verify the technology that is used to develop

ammonia-fueled ships, which offer zero-carbon solutions for shipbuilders. SHI is also developing hydrogen carriers. It is in the early stages of evaluating carbon capture & storage (CCS) and has partnered with a shipping line and environmental agency for an integrated study to potentially onboard CCS and liquefaction storage technology.

*Waste Management:* We inquired if more aggressive waste reduction targets are feasible, and the company responded that it would be a challenge. It internally manages paint and oil waste to reduce the amount generated, and leverages Lloyd's Register Quality Assurance (LRQA) for bi-annual external reviews to ensure the company's facilities remain ISO 14001 certified. Samsung Group holds SHI accountable toward its performance in waste reductions.

*Corporate Governance:* SHI did not disclose CEO remuneration figures for FY 2021 and in its absence, we asked the company how we should evaluate the remuneration plan. Internal regulations do not permit the company to disclose the figures, but SHI does include several related items such as Management by Objectives (MBO) assessment, Key Performance Indicators, and Board Skills Matrix. These items will be published during Q3 2023. FI's data provider had noted the company does not have a whistleblower protection policy and SHI clarified that they do have a policy in place in the local language. The company plans to include an English version on its website later in 2023.

### OUTCOME

Ongoing engagement. We will continue to track company progress regarding waste reduction targets and investments in clean technology and follow up as necessary.

# ENGAGEMENT HIGHLIGHTS

## TOTALENERGIES SE (TTE)



SECTOR: ENERGY

MSCI ESG RATING: A

TOPIC: HUMAN RIGHTS

STATUS: ONGOING

### OBJECTIVE

Discuss TotalEnergies' (TotalE) human rights programs in conflict-affected areas and consider including conflict as a salient factor in the company's Vigilance Plan.

### SUMMARY

TotalE engages in the exploration and production of fuels, natural gas and low carbon electricity. French law requires companies to implement a Vigilance Plan that includes mechanisms to prevent human rights violations and environmental impacts throughout their operations. After reviewing TotalE's plan, FI led a collaborative engagement to discuss the company's human rights program with a focus on conflict-affected areas.

TotalE has a robust risk assessment framework that features multiple impact assessments for all projects, including environmental, human rights, health and safety and cultural heritage. In addition, each business segment has a human rights coordinator, and there are 100+ in-country personnel to provide an immediate local response.

Total E's Vigilance Plan views areas of conflict as an operational issue. We suggested the company consider elevating it within the Plan due to the amount of capex deployed in areas of conflict, the increase in areas of conflict worldwide, and the systemic nature of human rights risks.

TotalE's human rights program incorporates the UN Guiding Principles on Business and Human Rights framework. Country human rights assessments from a independent third party guides their determination on which level of human rights due diligence is required.

The biggest obstacle TotalE encounters is gaining access to local stakeholders. On-the-ground situations can change quickly, as they did in Ukraine with Russia's invasion and in Myanmar after the military coup d'état overthrew the democratically elected government. Security concerns may impede the company's ability to reach locations and communications may be interrupted. In Myanmar, the company worked with external experts to figure out how to responsibly exit the country and referenced the elevated human rights risks in its public statements regarding the decision to leave.

As the company shifts its strategy from its legacy business to low carbon energy, it is aware that it will need to manage a different set of human rights conditions. New focus areas will include forced or child labor in the supply chain, conflict minerals, and respect for migrant workers. It is encouraging to see TotalE proactively incorporating human rights in its new business plan.

### OUTCOME

Ongoing engagement. The company will consider adding Areas of Conflict to its Vigilance Plan, and suggested a follow up meeting after its human rights risks report is published later in the year.

# ENGAGEMENT HIGHLIGHTS

## VALE S.A. (VALE)



SECTOR: MATERIALS

MSCI ESG RATING: B

TOPIC: CLIMATE CHANGE STRATEGY

STATUS: ONGOING

### OBJECTIVE

Learn about the company's strategy to concentrate on high quality iron production to help drive carbon emissions reduction.

### SUMMARY

FI participated in a Vale investor presentation focused on decarbonization of the steel industry that described the company's strategy to reduce emissions in its iron ore supply. Amid surging demand for low carbon steel, the company plans to support the energy transition through its leadership in producing high quality iron ore with reduced carbon intensity.

Vale's strategy relies on operational efficiency, production of low-carbon inputs for newer furnaces, and researching hydrogen solutions as the ultimate technology to decarbonize production. Deployment of new, direct reduction furnaces to produce high-grade iron will reduce the emissions from traditional blast furnaces and even electric arc furnaces. The company maintains that its premium iron ore products will be in high demand by new direct reduction plants that have been announced by global steelmakers.

Based on its high iron content ores, Vale is leveraging its advantage. It has begun testing the supply of its iron ore briquettes in its customer furnaces and more than 30 have signed MOUs regarding reduced-

carbon steel production. In its upstream operations, the company is investing in tailings filtration and dry concentration to be able to produce high-quality briquette feedstock. The goal is to produce ~100Mt high quality agglomerates by 2030.

Ultimately, Vale said that its strategic focus on high iron content supply will help reduce steel makers' carbon emissions, which also drastically reduces Vale's own Scope 3 emissions. The company admitted that it faces legacy challenges in the market due to its history of tailings disposal incidents and controversies.

### OUTCOME

Ongoing engagement. While the company's strategy is ambitious, there are outstanding questions on the capital expenditure required to transition to premium agglomerates and briquettes. Leveraging market demand to contracts may be challenging amid competition from other regional producers. Finally, the direct correlation of the increased premium iron production to the net emissions reduction from steel producers may not be easy to quantify. We plan to continue monitoring the company's implementation of the strategy and follow-up for performance status updates in the future.

# ENGAGEMENT HIGHLIGHTS

## VERICEL CORP. (VCEL)



**SECTOR:** HEALTH CARE



**MSCI ESG RATING:** BB



**TOPIC:** CLIMATE CHANGE STRATEGY  
ACCESS TO HEALTH CARE  
SUSTAINABLE SOURCING  
CORPORATE GOVERNANCE  
GENERAL ESG DISCLOSURE



**STATUS:** ONGOING

### OBJECTIVE

Gain insight on the company's strategy to address climate-related business risk, social impact in providing access to healthcare and corporate governance.

### SUMMARY

Vericel has seen positive performance in financial and commercial areas in recent years. The board and management have engaged with investors to assess the progress and want to prioritize sustainability. The board is committed to ESG initiatives and strengthened its governance program, including D&I initiatives. The management team has established a D&I advisory committee and is providing training to all employees. The Governance and Nomination committee oversees ESG risks and opportunities. The company also refreshed the board in 2021 and added Lisa Wright, an accomplished healthcare executive.

In 2022, Vericel announced the construction of a state of the art mixed use facility (management and production), which will allow it to continue growing the business in a sustainable manner. The campus is being designed in accordance with LEED II, and should be completed by mid 2020s.

*MSCI ESG Rating Source: MSCI ESG Research, as of March 2023.*

*Climate Change Strategy & General ESG Disclosure:* Vericel published its first sustainability report in 2022. FI inquired if the company plans to disclose more data and metrics as it relates to ESG, such as GHG emissions. The company is in the early stages and only measures Scope 1 and 2 (partial), in line with the GHG protocol and EPA guidance. These numbers are internal only at present but they plan to disclose once the new facility is fully functioning. FI encouraged the company to establish reduction targets, and disclose both absolute and relative emissions. The company has not considered CDP disclosure and FI encouraged this, and explained the benefits of doing so.

*Sustainable Sourcing:* The company pays close attention to monitoring its supply chain. Vericel sets its own standards and ensures they are met, and conducts audits to hold themselves accountable. They are pleased that over the past 2 years the company has kept its supply chain running and worked with vendors to ensure they have the necessary supplies while maintaining the standards.

*Access to Health Care:* Vericel stated that access to healthcare is a guiding principle and it has a well-established patient support program. They have dedicated case managers for services related to insurance and benefits to ensure as many patients can access their products. As a result, Vericel stated it is very successful in obtaining insurance approval for its therapeutic treatments, and provided several examples.

### OUTCOME

Ongoing engagement. Vericel is in the early stages of developing a sustainability plan and we look forward to seeing its continued development. FI encouraged the company to disclose both absolute and relative GHG emissions, as well as setting reduction targets, and to disclose to CDP.



# 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, ~20,000 companies voluntarily report to CDP.

FI participated in CDP's 2023 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 2023 NDC, in Q2 2023 FI initiated collaborative engagements with 30 companies in 10 countries listed in the table to the right as a lead investor.

### OUTCOME

The results of this initiative will be available in Q3 2023.

## 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.

Company Name	Country	Ticker
Alibaba Health Info. Tech. Ltd.	China	0241 HK
Alkermes Plc.	Ireland	ALKS
Anhui Conch Cement	China	0914 HK
Celltrion, Inc.	Republic of Korea	068270 KS
Cheesecake Factory Inc.	USA	CAKE
China Merchants Port Holdings Co. Ltd.	China	0144 HK
CMOC Group Ltd.	China	3993 HK
Domino's Pizza Enterprises	Australia	DPZ
Dongkuk Steel Mill Co. Ltd.	Republic of Korea	460860 KS
Exact Sciences Corp.	USA	EXAS
Hundsun Technologies	China	600570 SS
Independent Bank Corp.	USA	INDB
Jiangxi Copper Co. Ltd.	USA	0358 HK
KGHM Polska Miedź S.A.	Poland	KGHPF
Maraton Oil Corp.	USA	MRO
MOMO.com Inc.	Taiwan	8454 TW
MOOG Inc.	USA	MOG A
Neurocrine Biosciences	USA	NBIX
PriceSmart Inc.	USA	PSMT
PT Bank Mandiri (Persero) Tbk.	Indonesia	BMRI JK
RAKUS Co. Ltd.	Japan	3923 T
Sany Heavy Industry	China	600031 SS
Six Flags Entertainment Corporation	USA	SIX
Smartfit Escola de Ginástica e Dança S.A.	Brazil	SMFT3 SA
Stifel Financial Corp.	USA	SF
Trip.com Group Ltd.	China	TCOM US
UFP Industries Inc.	USA	UFPI
Wynn Resorts Ltd.	USA	WYNN
Zhejiang Huayou Cobalt Co Ltd.	China	603799 SS
Zhongsheng Group Holdings Ltd.	China	0881 HK

# PROXY ENGAGEMENTS



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

## OBJECTIVE

Discuss proxy voting proposals and vote outcomes to gather information and/or provide feedback

## 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.

Company	Domicile	Ticker	Proxy Topic
Amazon.com, Inc.*	USA	AMZN	Advisory vote on executive compensation and shareholder proposals.
Bank of America Corp.*	USA	BAC	Advisory vote on executive compensation.
Halliburton Co.	USA	HAL	Advisory vote on executive compensation.
JPMorgan Chase & Co.	USA	JPM	Advisory vote on executive compensation and Independent Board Chair.
Salesforce Inc.	USA	CRM	Proposal to require Independent Board Chair.
ServiceNow Inc.	USA	NOW	Advisory vote on executive compensation.
Trinseo Plc.	Ireland	TSE	Proposal to amend the stock plan.

\*Detailed engagement summaries can be found elsewhere in this report.

# DISCLOSURES

Source: Fisher Investments Research, as of June 2023.

Data indicated in this report are based on engagement meetings for all Fisher Investments 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 showcases selected engagement highlights to demonstrate 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 2023, FI managed \$211 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 2023. 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.