



ENGAGEMENT REPORT
Q3 2023

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- This document has been approved and is being communicated by Fisher Investments Europe Limited.
- Data indicated in this report are based on engagement meetings for all of Fisher Investments clients. For Professional Client Use Only.
- **References to "We", "our", "us" and "the firm" in the following engagement report refer to FI.**

ENGAGEMENT OVERVIEW

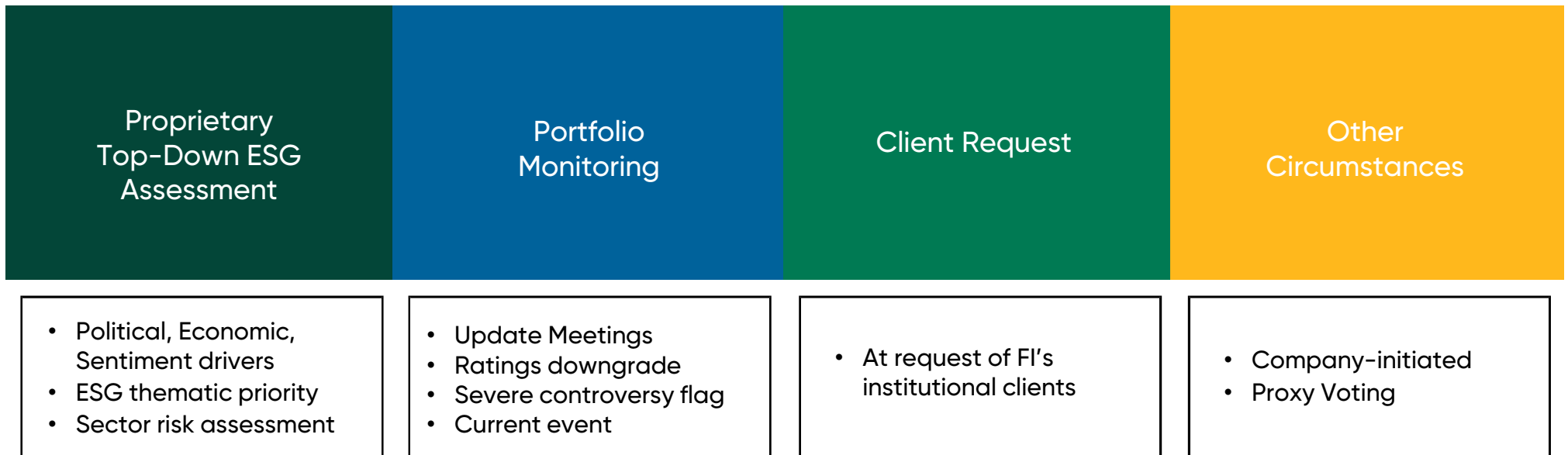
OUR ESG PHILOSOPHY STATEMENT

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, maximises 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



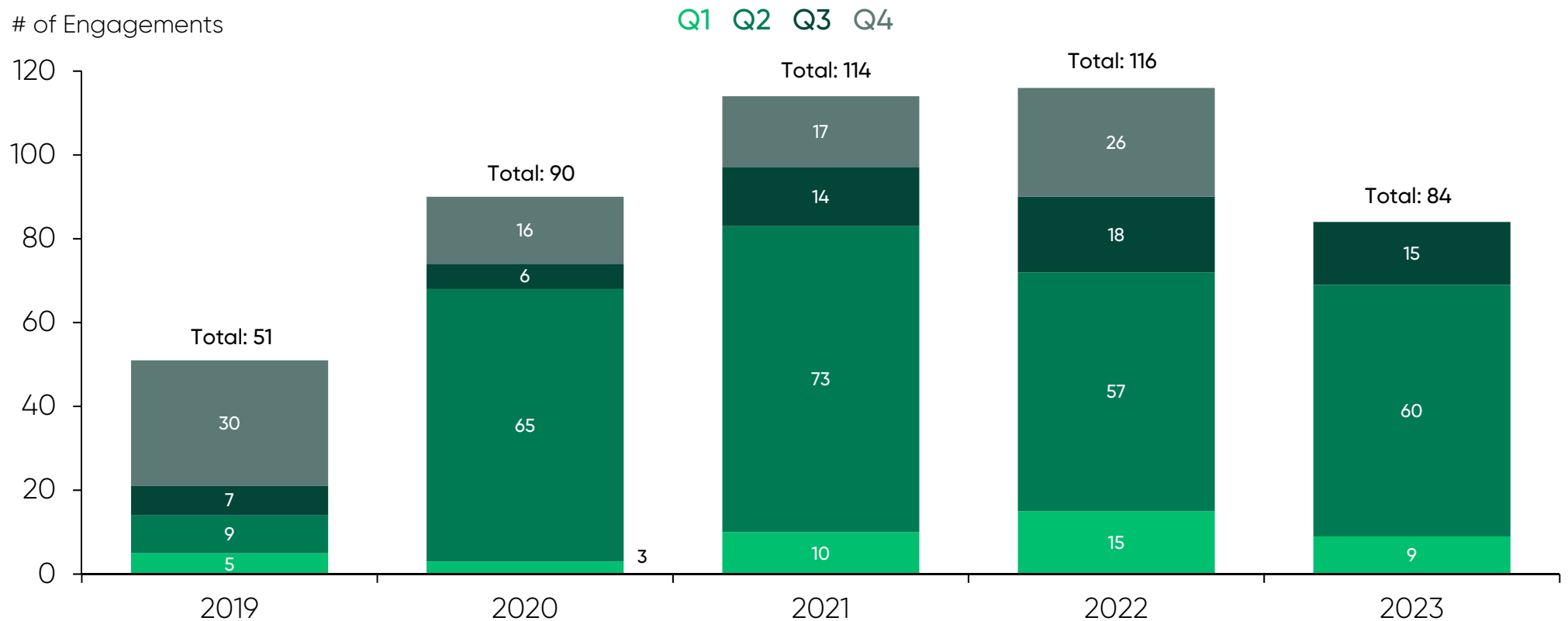
EACH ENGAGEMENT IS:

- ✓ 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?"**

Q3 2023 ENGAGEMENT HIGHLIGHTS

- An Indonesian bank disclosed its environmental performance data using the CDP standardised questionnaires. FI had requested the bank consider the disclosures to increase the availability of standardised data, and it responded by completing the climate questionnaire.
- A US railroad company reported substantial progress on the environmental and social remediation after a 2023 train derailment. The company is committing USD \$50 million to upgrade safety equipment as part of the USD \$803 million in recognised cost related to the accident. Its board safety committee is now chaired by a technical safety expert, and the new CEO seems committed to regaining the public’s trust. In June, it also became the first major U.S. railroad to offer paid sick leave to all employees.

Year Over Year Engagement Activity, Broken Down by Quarter

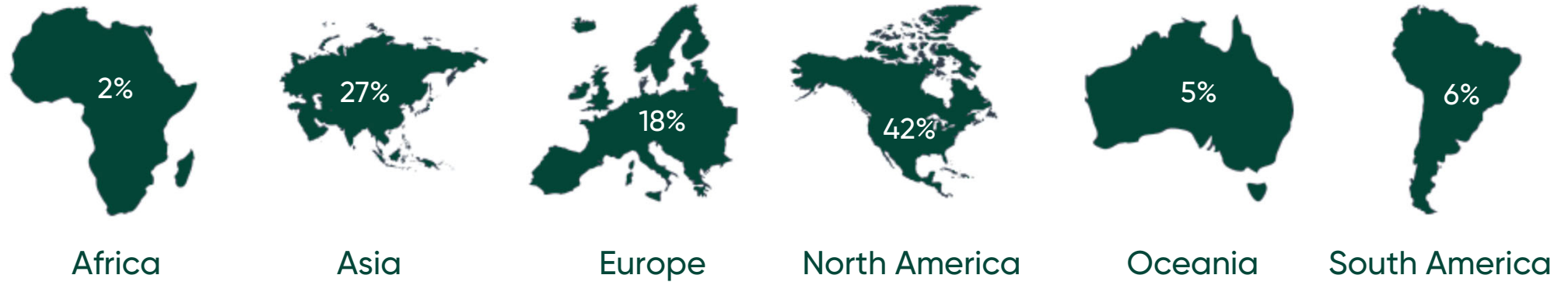


Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries from Q1 2019 – Q3 2023.

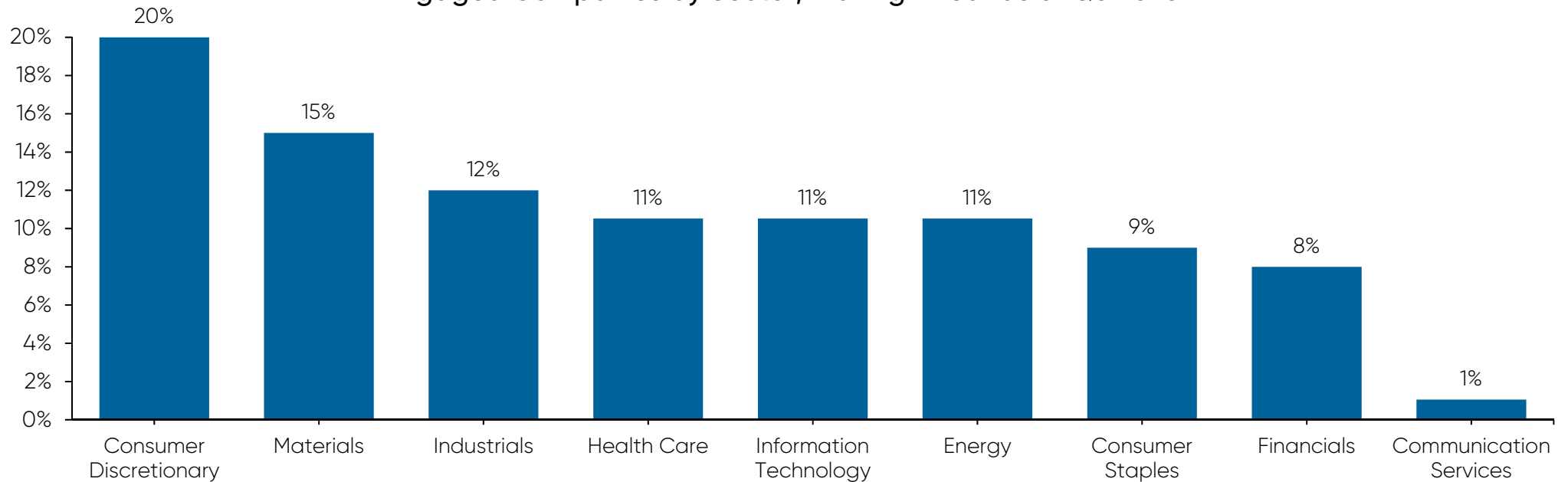
ENGAGEMENT DISTRIBUTION

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

Domicile of Engaged Companies, Trailing 1 Year as of Q3 2023



Engaged Companies by Sector, Trailing 1 Year as of Q3 2023



Source: FI data using Factset domicile, sector, and market capitalisation designations. Percentages above may not add up to 100% due to rounding. Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its subsidiaries as of Q3 2023.

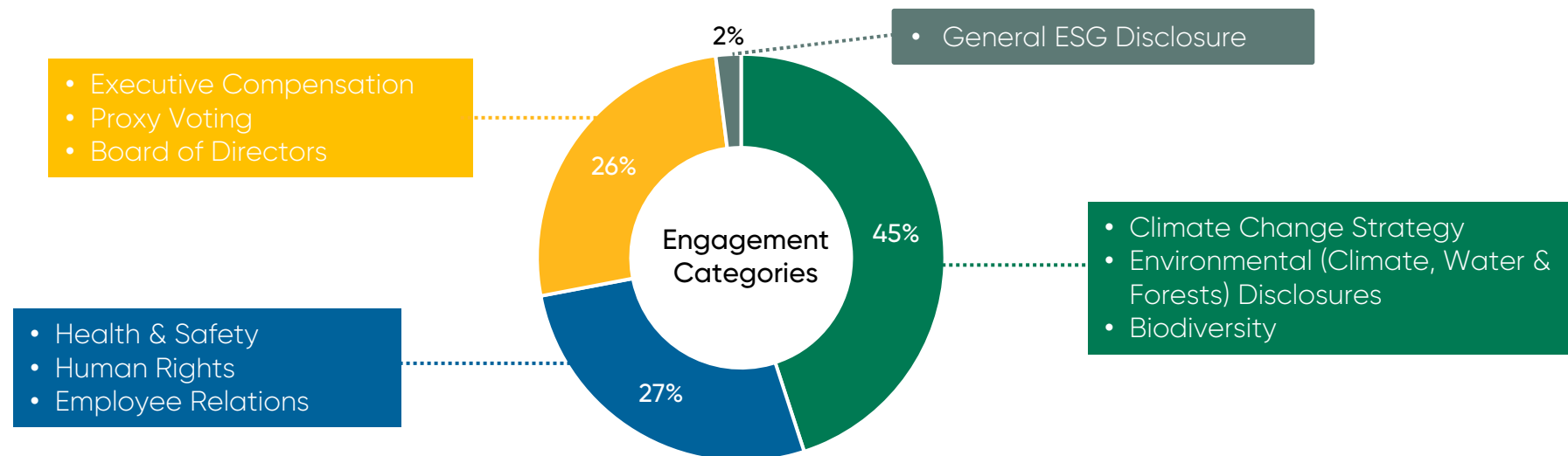
ESG ENGAGEMENT FOCUS AREAS

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	Labour 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 Q3 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

GOVERNANCE ENGAGEMENT



SECTOR: INDUSTRIALS

TOPIC: CORRUPTION & BRIBERY
BUSINESS ETHICS

STATUS: CONCLUDED

The company further shared information concerning the actions it has taken to prevent repeat compliance failures. The actions include enhancing its "culture of integrity" by comprehensively remediating the root causes of the conduct, firstly through internal control enhancements at the local level where they occurred, and secondly through global process enhancements. Also, the company is applying learnings to drive company-wide cultural changes and individual accountability for integrity. This is cemented in the company's new operating model, which is guided by its code of conduct and part of its regular and transparent business reviews. Finally, the company stated that it has changed and significantly de-risked its business model by no longer engaging in Engineering, Procurement, and Construction (EPC) projects.

OBJECTIVE

Seek remediation updates after the company's failure to prevent bribery in South Africa.

SUMMARY

FI joined our third-party service provider to engage a Swiss multinational company about the its failure to prevent bribery in South Africa. In December 2022, the company entered into a three-year deferred prosecution agreement (DPA) with the United States Department of Justice in coordination with the U.S. Securities and Exchange Commission (SEC) along with Swiss and South African authorities. In the DPA, the company admitted guilt in making payments of USD \$37 million to a third-party service provider, a portion of which was intended as a bribe to a high-ranking official at the state-owned energy company. As part of the DPA, the company agreed to pay USD \$327 million in fines and disgorgement across various jurisdictions.

We inquired about public disclosure of the DPA requirements. The company stated that the reporting requirements to the SEC are outlined in the settlement agreement but that the reports are not publicly available. The company also shared that it has not yet reached a final resolution in Germany but has confirmed in its Q2 financials that its liability estimate remains unchanged. In its Q2 2023 financial information report, the company stated that it made a provision of approximately USD \$325 million during the third quarter of 2022. The company does not believe that it will need to record any additional provisions for this matter.

OUTCOME

Engagement concluded. The company is adhering to the requirements of the deferred prosecution agreement stemming from the charges of bribery. The company has also initiated a number of remediation efforts and process enhancements to avoid a similar situation in the future.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & SOCIAL ENGAGEMENT



SECTOR: INFORMATION TECHNOLOGY



TOPIC: WATER STEWARDSHIP
CLIMATE CHANGE STRATEGY
SUSTAINABLE SOURCING
CLEAN TECHNOLOGY
TRAINING & DEVELOPMENT

STATUS: ONGOING

OBJECTIVE

Information gathering regarding the company's programs to mitigate risks associated with sustainable sourcing, water stewardship and employee retention; encourage the company to use alternative water sources in its operations.

SUMMARY

Water Stewardship: The US semiconductor company has set a 2030 water usage target and its early actions resulted in a 20% reduction in water use intensity in 2022. The company is pursuing water recycling and usage of reclaimed water in most of its facilities. Alternative sources of water should reduce costs and increase performance towards its water efficiency metrics.

Sustainable Sourcing: The company has a Responsible Minerals Sourcing Statement that focuses on ensuring that minerals supplied to the company are sourced responsibly by its suppliers. Its environmental practices comply with the Responsible Business Alliance Code of Conduct (RBA Code) and FI inquired if its suppliers also must comply. Roughly a third of the company's suppliers receive audits from the RBA and the company also completes the RBA's Self Assessment Questionnaire annually in order to evaluate supply chain risks.

Climate Change Strategy & Clean Technology: The company is establishing new greenhouse gas emissions reduction targets after recently reviewing and updating its Scope 1, 2 & 3 emissions data. The company has increased renewable energy use in recent years, installing solar panels at many of its operating sites. It maintains a large manufacturing footprint in Asia where the market for renewable energy is less mature than that of North America, making it more challenging to procure renewable energy in its primary operating sites. However, most countries where the company conducts its operations have set emissions reduction targets, which should make implementation of and increased investments in solar more feasible.

Training & Development: FI's primary data provider noted that the company may lag peers in human capital development initiatives. The company does not agree with that assessment and said it designs employee programs at the local level due to the company's broad geographic footprint. It also noted that it maintains steady talent identification pipelines, succession planning programs and numerous training & development opportunities for its employees. FI suggested expanding the use of employee satisfaction surveys to additional operating sites to gauge employee well-being.

OUTCOME

Ongoing engagement. We look forward to seeing the company's new emissions reduction targets. We will monitor company progress toward its water conservation goals and ensuring its suppliers are sourcing materials responsibly.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



SECTOR:

MATERIALS



TOPIC:

CLIMATE CHANGE STRATEGY
BIODIVERSITY
SOCIAL IMPACT
BOARD INDEPENDENCE
EXECUTIVE COMPENSATION



STATUS:

ONGOING

OBJECTIVE

Gain insight on the company's approach to sustainability and how the company manages risk in its operations and value chain.

SUMMARY

FI engaged a global mining company to ask how it includes sustainability factors in its business and manages the associated risks. The parent company's sustainable mining plan cascades down to the company, but it is responsible for its own operations.

GHG Emissions: The company has goals to reduce net GHG emissions by 30% and improve energy efficiency by 30% by 2030 (from a 2016 baseline), and achieve carbon neutrality by 2040. It measures Scope 3 emissions internally and has a 2040 50% reduction ambition, but does not disclose full details. FI encouraged the company to increase disclosure so investors can measure the company's progress. FI encouraged the company to work with SBTi to have its goals verified to ensure they are effective. The company will take this into consideration.

Land Use: The company has a focus on biodiversity with site-specific initiatives including reclaiming habitats on disturbed lands, minimising disturbances from operations and restoration of areas with continuous operations. Offsets are used to generate a net positive impact for biodiversity where local action isn't possible. Each site's targets roll up to business level targets.

Toxic Emissions & Waste: The company has taken a number of steps to ensure good governance and demonstrate a clear strategy, including an environmental management system, audits on environmental impact and waste reduction targets. FI asked if the company has achieved its 2020 zero waste to landfill target. The company has achieved this and FI encouraged the company to follow-up with our primary data provider to ensure complete and accurate data.

Water Stewardship: FI inquired on the company's water usage since data shows water use and intensity are increasing. The company has identified smelting as a large contributor, which they are investigating. The company is focusing on using less potable water and identifying the sources of water it uses. The company believes it is on target to achieve its goal of reducing fresh water extraction 50% by 2030. There are a number of projects in development to ensure the target is met.

Community Impact: The company completes a comprehensive impact assessment prior to starting a new project, even on existing brownfield sites, as well as completing a public consultation. It carries out specific assessments on environmental impact, cultural and heritage sites, social impacts, and how all could be linked - since they often are. All consultations are publicly available for stakeholders to comment and it strives to protect and/or make changes accordingly if something is discovered.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

Executive Compensation: The company ensures sustainability is factored into the core decisions of the business. Within the KPIs for executive compensation there are short- and long-term factors which are reviewed on an annual basis.

OUTCOME

Ongoing engagement. The company has a clear strategy to ensure sustainability is factored into its operations and entire business. FI is encouraged by this and the steps the company has taken. We will continue to monitor the company to ensure it remains on track to achieve its targets as well as looking for external verification as recommended.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



SECTOR:

MATERIALS



TOPIC:

CLIMATE CHANGE STRATEGY
BIODIVERSITY
COMMUNITY IMPACT
HUMAN CAPITAL
EXECUTIVE COMPENSATION



STATUS:

ONGOING

OBJECTIVE

Gain insight in to the board's strategic priorities and review sustainability performance; follow up on performance of community impact programs.

SUMMARY

FI met with the Chairman of an Australian mining company to gain insight into the board's views on climate risk, biodiversity impact mitigation, human capital and community impact strategy.

Climate Change Strategy: The company has set a commitment to reduce operational emissions by at least 30% by FY30 (from FY20 baseline). It also has an aspirational goal to achieve net zero operational emissions by 2050. The board is confident that the company has set a clear plan to meet the 2030 emissions reduction goal in Scopes 1 & 2 emissions.

Weaning away from using diesel power for equipment remains a major technological challenge. The company has been working with manufacturers to specify its needs and it initiated a pilot purchase order of low-emitting equipment. Reducing downstream Scope 3 emissions is challenging but the company has begun work with its steel making customers in India and China to enhance efficiency and incorporate the least emitting processes.

Biodiversity: The company has a "healthy environment" goal to halt and reverse biodiversity loss by promoting conservation and restoration in at

least 30% of the land and water under company control by FY2023. We inquired about using the new guidelines by the Taskforce on Nature-related Financial Disclosures (TNFD). The company highlighted that biodiversity is one of the six social pillars and the disclosures have been improving. The company hopes to adopt the TNFD protocols progressively through the next couple of years. As a pilot project, the company is conducting its natural capital accounting by integrating ecosystems, species, and water impacts at all its operating sites.

Community Impact: In our last meeting the company said one of its priorities was developing cooperative relationships with Traditional Owners in the communities where it operates. We inquired how the board is overseeing the company's community impact programs and the observed results so far. The board is directly involved in working collaboratively with communities and Traditional Owners councils, especially in Australia. Indigenous heritage impact and preservation is managed at the site level, the permitting for which is updated annually.

Human Capital: The board is very concerned about pervasive sexual harassment in the extractive industry in Australia and it is ensuring that the company integrates recommendations from the government's latest report on the topic. The topic is a standing board agenda item twice a year, when the board reviews the KPIs and action plans. In 2016, it set an aspirational gender balance goal of 40% female participation. Today it has achieved just over 35% female participation compared to the industry average of under 20%.

In 2020, the company established a new project management office directly reporting to the CEO to implement action plans on eradicating sexual violence and harassment. The company recognised sexual assault as a safety issue and has enhanced its whistleblowing program for timely reporting, invested in mining site safety and monitoring equipment, and instituted employee awareness and training programs.

The company reported two fatalities in Australia in 2022. The incidents were treated as a crime scene by the authorities and an independent review is ongoing to understand root causes. The board is very involved in ensuring that proper safety protocols are followed and employees are

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

trained to put safety as the utmost priority.

Executive Compensation: The executive compensation plan used a numerical scorecard, which included 25% value of health, safety & environmental performance. In the last performance period, the compensation committee used its discretion to revise the score downward to account for two operational employee fatalities despite positive financial and operational metrics.

OUTCOME

Ongoing engagement. The company is prioritising sustainability and has robust action plans to pursue emissions reduction despite technological challenges. We will await adoption of the TNFD framework in its biodiversity-focused goals. On employee health and safety, the company needs to complete the adoption of all regulatory recommendations and show evidence of positive safety outcomes. We will continue to monitor the progress on each of these initiatives.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



SECTOR:

CONSUMER STAPLES



TOPIC:

CLIMATE CHANGE STRATEGY
WATER STEWARDSHIP
PLASTICS & PACKAGING
SUSTAINABLE SOURCING
BOARD INDEPENDENCE

STATUS:

ONGOING

OBJECTIVE

Per the US food products company's mission to demonstrate a "Culture of Sustainability," encourage the company to set targets in various environmental areas in addition to information gathering on its biodiversity programs and views on a potentially entrenched board of directors.

SUMMARY

Climate Change Strategy: The company is streamlining its Scope 1 & 2 emissions data and is also measuring its Scope 3 emissions. Its upcoming reporting cycle will include Scope 1, 2 & 3 data and the company participates in Wal-Mart's Project Gigaton, an emissions reduction program that supports supplier efforts to reduce GHG emissions. FI encouraged the company to take the next step in its development and set emissions reduction targets. FI also expressed appreciation to the company for submitting to the 2023 CDP non-disclosure campaign, which provides investors with consistent environmental data.

Biodiversity (Water Stewardship, Plastics & Packaging, Sustainable Sourcing): The company is investigating various water-efficient processes to implement in its operations, which span across many U.S. states. FI inquired how the company is managing risks associated with its suppliers' plastics and packaging practices given our primary data provider noted the company might lag peers in this area. Although most of its production is done in-house, the company's major customers specify their preferred packaging type. FI encouraged the company to publish a biodiversity

protection policy and the company stated that it has a handful of policies that are in the early stages of development, including broad policies on the environment, suppliers and food safety.

Board Independence: The company's board of directors is potentially entrenched as it has a number of long serving directors. The chair, who is also the former CEO, heads the nominating committee. The company stated that three board members are tenured and the company's focus is meeting any initial requirements given the various complexities and cyclical business within the food products industry. The company feels an experienced board gives the company a higher chance of success.

OUTCOME

Ongoing engagement. Although it is in the early stages of developing its sustainability platform, FI was encouraged by the work the company is doing to streamline its emissions data and its plan to set targets in various environmental areas. We will continue to monitor company progress and will follow up in the future for further dialogue.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & SOCIAL ENGAGEMENT



SECTOR: MATERIALS



TOPIC: CLIMATE CHANGE STRATEGY
BIODIVERSITY
HUMAN RIGHTS

STATUS: ONGOING

OBJECTIVE

Gain insight on how the company manages human rights risks in its direct and value chain activities; understand the company's approach to GHG emissions reductions and mitigating biodiversity loss.

SUMMARY

FI sought to understand how the Swiss mining company approaches human rights issues within its operations and value chain, especially in conflict-affected and high-risk operating areas (CAHRA). Given the nature of the business and considering the areas in which it operates, we view this as a pertinent issue for the company and one that requires proactive and substantial management. Additionally, FI sought to understand how the company is approaching GHG emission reductions and how it protects the natural ecosystems where it operates.

Human Rights Policy: Per the company's Human Rights policy, the company is committed to respecting human rights in line with the UN Guiding Principles and publicly reports on its efforts. The company seeks to manage human rights risks at all stages of its operations, and a board committee provides oversight. The company uses a human rights risk rating tool to ensure consistent assessment across its global business, and evaluates down to the country and local level.

The company has a focus on ensuring its value chain receives the same assessment as its direct operations, and in 2022 it developed a supply chain risk assessment tool that includes CAHRA. The tool applies to any

individual or organisation that provides goods or services to the company.

GHG Emissions: The company stated it has a commitment to responsibly manage the decline in its energy portfolio, in line with its Scope 1, 2 and 3 emission reduction targets. The company recognises the need to invest in low carbon, decarbonisation and clean technologies as a way to achieve global goals. However, the company has not set targets on this but rather has ambitions, as these technologies are deemed outside of the company's direct control.

Land Use: The company understands it is responsible for the land it owns, leases or manages, and has a commitment to manage them in a sustainable manner. The company follows local regulatory requirements and best practices, and uses land stewardship management systems that include planning based on the life of assets.

OUTCOME

Ongoing engagement. FI is encouraged with the steps taken by the company and the policies it has set out. However we would like to continue the discussion of the company's new human rights risk management assessments in CAHRA.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



SECTOR:

FINANCIALS



TOPIC:

CLIMATE CHANGE STRATEGY
BIODIVERSITY
HUMAN CAPITAL
SOCIAL IMPACT
BOARD DIVERSITY
EXECUTIVE COMPENSATION



STATUS:

ONGOING

OBJECTIVE

Gain insight on the company's climate change strategy and how sustainability is factored into the bank's lending criteria, as well as understanding the company's approach to biodiversity and social initiatives within its operations.

SUMMARY

FI inquired how the Indian bank is considering sustainability factors in its operations and entire value chain. The bank is hoping to see more guidance from the regulator, such as approving a green taxonomy. It has seen the government's effort focused on renewables, hydrogen and emissions, and attributes this to India's commitment at COP26 to be carbon neutral by 2070 and to be using 50% renewable energy by 2030.

Climate Change Strategy: The bank has a FY32 carbon neutral goal, but emissions have increased year-over-year from FY21-23. The company has experienced structural differences since setting the carbon neutral target. First, its business strategy is now focused on expanding into the unbanked areas of rural and semi-rural India. Second, it has seen the cost of opening branches reduce dramatically and subsequently opened 1500+ offices. The 2032 target remains in place and now it is refocusing on increasing the procurement of green energy tariffs and its own building infrastructure.

FI asked about the loan book, and the company said ~20% of its loan book is allocated to high emitting industries. Every loan above 1,000,000 Indian Rupees is required to go through environmental and social due diligence. The bank also incorporates a sustainability rating into the credit score of its clients. India has priority sector lending which the bank is mandated to meet; for example, it must lend 18% of the book to agriculture. Outside of these mandates, it has a focus on green and affordable housing. FI suggested setting targets based on its own priorities, which can always be revised based on political developments.

GHG Emissions: With regard to Scope 3 emissions, the company is actively looking at financed emissions and how to effectively measure Scope 3. FI encouraged the company to disclose the data and set targets to ensure investors have the information they need to appropriately evaluate the company.

Biodiversity: The bank has supported a number of initiatives including carbon sequestering through tree planting, giving renewable energy to villages, and chemical free farming for 100,000+ acres of land. The bank has spent time with ecologists to ensure it is using resources in the most effective way, for example studying the most effective trees to plant. It is cognizant of TNFD and what it may mean for the bank.

The bank does not have specific credit policies related to biodiversity, but it is addressed in its environmental due diligence. Some parameters include air and water pollution, deforestation and the impact of climate change. FI suggested that setting targets related to biodiversity would be an impactful way to further demonstrate the bank's commitment.

Training & Development: The bank has been focusing on training to combat the high attrition rate in the sector in India - for the peer group it can be as high as 50%. Senior management is implementing more specific training in smaller groups to provide what employees want and require. It has also focused on diversity, equity and inclusion, as well as keeping mid-career level women in the workforce.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

Community Impact: The company is the leader in Small and Medium Enterprise (SME) banking in 12 states and is in the top 3 across all 20 states. Some examples include prioritising female entrepreneurs and mortgage lending to women. SME lending is a large percentage of overall lending, with ~40% classified as lending to priority sectors, weaker sections of the economy and small businesses.

Board Diversity: The bank does not have a public statement on board diversity. In India the requirement is one independent director and it has two. It added female leaders below the executive level and diversity is a focus moving forward.

Executive Compensation: The CEO and Managing Director are responsible for the business sustainability and responsibility strategy for the bank and 2% of remuneration is linked to these. FI recommended that the company ensure it is in line with peers and provide details so investors can monitor the effectiveness.

OUTCOME

Ongoing engagement. The company has a number of ongoing initiatives in relation to sustainability, which is encouraging to see. However, we would welcome additional disclosure and related target setting in order to measure the progress the company is making.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



SECTOR: CONSUMER DISCRETIONARY



TOPIC: TOXIC EMISSIONS
GHG EMISSIONS
REGULATORY ACTIONS

STATUS: ONGOING

OBJECTIVE

Seek progress updates on remediation efforts following a diesel emissions scandal and encourage the company to adhere to its climate transition strategy.

SUMMARY

FI joined our third-party service provider to engage a German automotive company to seek status updates on the remediation efforts following the diesel emissions scandals in Germany and the United States. We inquired about the status of the settlements and its transition strategy.

The company stated its strategy is to make the company's entire new vehicle fleet net carbon-neutral across all stages of the value chain by 2039 and to cut by at least half the CO2 emissions per passenger car by the end of this decade, compared to 2020. Furthermore, the company shared that its goal of ensuring that its fleet of new vehicles will no longer have a relevant impact on nitrogen oxide pollution in urban areas by 2025 has already been achieved.

Concerning the various diesel proceedings in Germany and the U.S., the company said that it has fully cooperated with the responsible authorities and it will continue to do so. In the US, the company said that regulatory proceedings on the emission control systems of approximately 250,000 diesel vehicles in the U.S. have been concluded. The company highlighted that it did not admit liability as part of any of the settlements.

The company shared that the German Federal Motor Transport Authority (KBA) issued auxiliary provisions for the approvals of certain company diesel vehicles, and ordered mandatory recalls as well as, in some cases, stops of the first registration. In fall 2022, the KBA issued further decisions regarding some vehicles that the company disputes. The company has filed objections against the KBA's administrative orders and determinations but continues to cooperate fully with the KBA.

The company stated that its primary measures to address air pollution are software updates, exchange premiums, and participation in the German government's hardware retrofit program.

To ensure compliance, the company has invested heavily to build an industry-wide, state-of-the-art technical compliance management system (tCMS) to address legal complexities and the increasing regulatory requirements. Its tCMS provides employees with clear guidance in critical or unclear business situations to safeguard its global operations from false decisions, which is stipulated in the company's integrity code. The tCMS also includes several integrity and compliance elements aimed at the product creation phase and offers guidelines, programs, regular trainings and comprehensive dialogue events for its specialists in the R&D department.

OUTCOME

Ongoing engagement. FI views the company's progress on the settlements positively. FI is encouraged by the company's transition plan. We will continue to monitor the implementation and progress, and will likely re-engage in the future.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, GOVERNANCE & GENERAL ESG DISCLOSURE ENGAGEMENT



SECTOR: HEALTH CARE



TOPIC: CLIMATE CHANGE STRATEGY
BOARD DIVERSITY
EXECUTIVE COMPENSATION
GENERAL ESG DISCLOSURE



STATUS: CONCLUDED

OBJECTIVE

Gain insight on the company's approach to sustainability and ESG data disclosure.

SUMMARY

FI inquired what steps the US biotechnology company has taken to address E, S and G factors within its business model. The company is at the beginning of its sustainability journey but has made progress in a number of areas, which FI is encouraged to see.

General ESG Disclosure: Since FI first contacted the company, it has published a dedicated ESG section on its Investor Relations website. The company did this based on investor feedback, and uses it to provide information regarding its priorities and actions. FI is encouraged by this first step before attaining necessary resources to produce an annual sustainability report. FI suggested the company complete a materiality analysis to identify which factors are key to its business.

GHG Emissions: The company is not currently measuring its GHG emissions, but believes its footprint is small. In its existing processes it focuses on clean manufacturing and minimising waste. FI recommended the company start by measuring Scopes 1 and 2 emissions, as these will be closest to its operations.

Board Diversity: The company has added 4 women to the board, making the company best-in-class relative to peers. Recent board additions have brought in expertise key areas such as AI and cancer research.

Executive Compensation: FI inquired if the company has ESG specific KPIs for executive compensation. The company is not doing this directly, as it is still early in its sustainability journey and wants to ensure it fully assesses which KPIs it should use. It does have a metric related to keeping employee turnover below a certain level, as retaining talent is a focus in order to grow the business.

OUTCOME

Engagement concluded. FI is encouraged by the steps taken by the company in relation to sustainability and is pleased to see a dedicated section on the company's website. FI will continue to follow the progress the company makes as well as seeing if the company implements any of the recommendations.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



SECTOR: CONSUMER DISCRETIONARY



TOPIC: CLIMATE CHANGE STRATEGY
HUMAN RIGHTS
PRODUCT LIABILITY
EXECUTIVE COMPENSATION



STATUS: ONGOING

OBJECTIVE

Gain insight on the company's approach to sustainability and understand the initiatives they have in place to support this.

SUMMARY

FI engaged a technology investor and operator based in South Africa, which recently hired a head of sustainability and is focused on developing a low carbon business model for both its operations and its portfolio holdings. The company uses a risk-based approach when conducting due diligence on new investee companies, which has evolved substantially in the past few years to include ESG factors such as climate, human rights, diversity and governance. FI is encouraged to see the company is considering relevant ESG factors in its assessment of new investments.

GHG Emissions: The company details Scopes 1, 2 and 3 for the parent entity, Scopes 1 and 2 for majority-owned investee companies, and is working to add Scope 3. It does not plan to add minority investee companies at present due to capacity constraints. The company aims to have all data independently audited.

Human Rights Policy: The company views human rights as a fundamental principle and has based its policy on the UN Global Compact. It asks all majority-owned companies to apply the same policy, of which 10% currently do. The policy includes topics such as remuneration, privacy, confidentiality, and forced child labour. It has initiated human rights as

part of its due diligence before investing. FI encouraged the company to consider building human rights into its entire value chain, including suppliers.

Data Protection & Privacy: The company confirmed that its data protection policies, programs and training apply to majority-owned companies. This is the same for all trainings, policies and procedures.

Executive Compensation: FI inquired if there are sustainability linked KPIs in management incentives. The company has done so for three years, and it includes climate and people. The KPIs make up 10% of the short-term incentive bonus and is reviewed annually. The targets are cascaded to the CEOs of the majority-owned businesses.

OUTCOME

Ongoing engagement. The company has a fairly comprehensive sustainability approach for its business and the companies it invests in. FI will continue to follow the initiatives the company is working on and monitor its progress.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



SECTOR: INDUSTRIALS



TOPIC: COMMUNITY IMPACT
HEALTH & SAFETY
CLIMATE RISK
CORPORATE GOVERNANCE



STATUS: ONGOING

OBJECTIVE

Gain insight on the company's remediation and safety enhancements after a recent accident; encourage the company to adhere to safety performance; inquire about the progress on GHG emissions reduction goals; and learn of its board refreshment program.

SUMMARY

Community Impact: The US railroad company's train derailment in 2023 led to a lengthy social and environmental remediation process. So far, the company has recognised USD \$803 million in total cost, including USD \$287 million in cash expenditures and USD \$50 million for a 2-year safety enhancement program. The safety improvement plan includes investments in technology related to hot bearing and acoustic detection systems. Next generation digital train inspection portals used to capture high-resolution images of passing trains has been installed in one line with plans for an additional 17 lines in the next couple of years. The company has also initiated a number of operational policy and process improvements. On environmental impact mitigation, the company has been working on soil and water remediation at the accident site in conjunction with federal and state environmental agencies.

Employee Health & Safety: We inquired about the company's employee safety performance given that recent data suggests a rise in accidents per million train miles. The company responded that some of the reported metrics may not be reflective of the actual performance due to reduced train miles in certain periods. The company uses a data driven approach

to conduct root cause analysis for safety performance and in 2022, reported its lowest number of personnel accidents, while year-to-date it has the lowest number of mainline accidents.

The company is engaged with its craft employee workforce to solicit their feedback on operational and safety optimisation. After unionised employees threatened to strike, the company became the first major railroad operator to offer paid sick leave to all employees in June 2023.

Climate Risk: In 2021, the company announced a science-based target to achieve a 42% reduction in Scope 1 and 2 greenhouse gas (GHG) emissions intensity by 2034 from the 2019 base year. The company is currently working on a climate transition plan, which will be released by the end of the year. We would like to see the company build out its 2034 goal with interim targets and clearly defined KPI's.

The main challenge the railroad industry faces is that electric engines are not ready for wide adoption in long-haul freight lines. In the Eastern US where the company primarily operates, other alternatives are not economically feasible. Therefore, the company is focused on modernising the existing fleet to achieve efficiency gains, which comprises half of its targeted emissions reduction goal. By the time the process is completed about 80% of engines will be modernised.

In the category of physical risk, we asked if the company had considered the impact to its infrastructure, such as damage to train tracks from extreme heat or changes in flood patterns. The company conducts various risk analysis and modeling as part of the materiality assessment. Changing climate may have a significant impact on the infrastructure, with below freezing temperatures being the primary concern.

Governance: The board of directors has two upcoming retirements, which has prompted the company to calibrate its transition with new directors experienced in safety and logistics. The board has a thorough onboarding process including learning and development programs. The safety committee is now chaired by a technical safety expert as of September 2023.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

OUTCOME

Ongoing engagement. The company's USD \$50 million in safety upgrades are overdue, and could have potentially avoided the USD \$800+ million in costs to remediate the social, safety and environmental impacts from the recent train derailment. The CEO and General Counsel are relatively new, but seem to be focused on operational safety performance while maintaining employee buy-in. The company has a qualified and highly engaged board. From an environmental perspective, rail has advantages over truck transport, but the company faces some distinct challenges that should be considered in future assessments of its progress. We look forward to reviewing the climate transition plan and will follow up after it is published.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



SECTOR:

MATERIALS



TOPIC:

LAND USE
HUMAN RIGHTS POLICY
COLLECTIVE BARGAINING & UNIONS
EMPLOYEE RELATIONS
HEALTH & SAFETY



STATUS:

ONGOING

OBJECTIVE

Receive updates on the company's efforts to address: deforestation and depletion of biodiversity at palm oil plantations and respect for indigenous rights in Indonesia; employee relations in Turkey; the allegations of forced displacement in Myanmar; and health and safety conditions for workers in South Korea.

SUMMARY

FI joined our third-party service provider to engage a Korean steel-maker to receive company updates on several ESG topics.

Biodiversity Impact and Indigenous Rights in Indonesia: We requested an update on allegations of biodiversity loss and deforestation of rainforests at the palm oil plantation sites of a subsidiary of the company. The initial concerns were raised in 2019 and the company said a report outlining the remediation process over the last five years is forthcoming. In 2022, the company announced a more comprehensive and systematic policy implementation plan that includes remediation and compensation. It regularly reports on the plans' progress. Regarding the planned crude palm oil refining plant in Kalimantan, the company did not provide details on the timeline but stated that its policy applies to its all of its operations, subsidiaries, joint ventures and companies over which it has management control, as well as all third-party suppliers at the group level. Concerning indigenous rights in Indonesia, the company provided information about its grievance mechanisms including different channels that people can access to raise grievances.

Union Rights in Turkey: The company discussed the involvement of workers in the third-party audit concerning working conditions and the employee representation structure at its facilities in Turkey. Regarding its dialogue with the local union, the company reiterated its commitment to recognise any union if it meets necessary legal requirements.

Human rights in Myanmar: The company has been engaged in a gas project for over two decades irrespective of the ruling regime. Despite reports that the Myanmar authorities have resorted to forced relocations to provide lands for the project, the company stated its operations lawfully adhered to land acquisition and compensation practices. We believe business-related human rights risks remain elevated, even though the company stated the project has a grievance mechanism in place and it abides by human rights principles affecting indigenous peoples. The company also highlighted that it is not responsible for the overland pipeline that runs from the project's onshore gas terminal to the Chinese border.

Employee Health & Safety in South Korea: South Korea's Ministry of Employment and Labor (MOEL) had repeatedly cited the company for failing to prevent industrial accidents, most recently at a plant at the beginning of 2022. The company stated that a 2021 audit of its operations by the Korea Industrial Safety Association found the company's safety activities to be appropriate. It also shared that it is using a new integrated safety management platform that provides real-time information on work-related safety risks. The company further shared that it established a safety culture in which labour and management have open discussions and that preliminary progress on safety plans is reviewed at the board level on a monthly basis.

OUTCOME

Ongoing engagement. FI is encouraged by the openness of the company in discussing and providing updates on these issues. We believe there is additional progress to be made, and will likely re-engage in the future.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL, GOVERNANCE & GENERAL ESG DISCLOSURE ENGAGEMENT



SECTOR: FINANCIALS



TOPIC: CLIMATE CHANGE STRATEGY
BIODIVERSITY
SOCIAL IMPACT
EXECUTIVE COMPENSATION
GENERAL ESG DISCLOSURE



STATUS: ONGOING

OBJECTIVE

Gain insight into the company's policies and practices related to sustainability, including biodiversity and community impact.

SUMMARY

The Indonesian bank views itself as having a clear vision on sustainability, with commitments and an associated roadmap for achievement. It includes the UN SDGs and covers both its operations and its business activities.

Approximately 25% of the bank's loan book is categorised as sustainable. It is aware of its exposure to environmentally sensitive industries, especially agriculture, and uses a comprehensive due diligence process to ensure it identifies risks associated with this type of lending. It also has a quarterly alert system that identifies factors that may affect credit quality, conducts an annual review and utilises an external auditor.

Climate Change Strategy: The bank has started to calculate financed emissions. Indonesia has a 21-22% green financing goal, which the bank is in line with, and it intends to target 30% market share of the Indonesian green portfolio. It wants to be the market leader and going forward, the company intends to focus on the suitability of its loans to high emitting

industries. It is working with a consultant to develop a roadmap for the loan portfolio.

GHG Emissions: The bank has a net zero emissions by 2030 target that currently includes Scopes 1 and 2. It is just beginning to calculate Scope 3, the data for which it may be in a position to disclose in late 2023 or 2024. It has reduced Scope 2 emissions 10-15%, but noted that the Indonesian electric grid is still heavily reliant on coal. It is also working to digitalise the banking process, to limit the need for physical assets. It uses land restoration as an offset were it cannot have an immediate impact.

Biodiversity: The bank has credit specific policies related to biodiversity. Today, 83% of palm oil lending is to sustainable-certified producers. The company acknowledged this is partly due to regulatory requirements.

Community Impact: The company has a number of initiatives related to social impact and ensuring it helps the communities in which it operates. For example, Indonesia has low smartphone adoption so the bank has a program to provide smartphones to in need communities, allowing them to access new services including internet banking.

Executive Compensation: The bank includes sustainability-related KPIs in executive compensation linked to ESG performance against the commitments it has set out.

General ESG Disclosure: Earlier in the year FI requested that the company complete the CDP Climate Questionnaire in order to provide investors with consistent, standardised data. The company understands the importance investors put on this and as a result, completed the questionnaire.

OUTCOME

Ongoing engagement. The CDP portion of the engagement was successful. We believe going through the structured process of CDP reporting will help the company achieve its stated objectives. FI is encouraged by the steps the bank has taken and will continue to monitor its progress and encourage it to remain on track to achieve its goals.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



SECTOR: CONSUMER DISCRETIONARY



TOPIC: SUSTAINABLE SOURCING
WASTE MANAGEMENT
COLLECTIVE BARGAINING & UNIONS
SHAREHOLDER PROPOSALS



STATUS: ONGOING

OBJECTIVE

Receive updates from the company regarding its efforts to mitigate risks associated with sustainable sourcing; understand the company's perspective on the recent shareholder proposal related to collective bargaining rights and freedom of association given recent allegations of anti-union practices.

SUMMARY

Sustainable Sourcing: The US coffee company stated that it would like to have 100% RSPO (Roundtable on Sustainable Palm Oil) certified palm oil in its supply chain, but has not committed to a timeframe for doing so. As of the end of 2022, more than 80% of palm oil in its supply chain has the certification. Since 2004, the company has integrated ethical sourcing standards in its operations. This program sets standards for the company's supply chain practices and includes a third-party verification system to integrate sustainable growing practices. Audits take place annually or bi-annually depending on the performance of each farm's sustainability practices, and the company also has trained individuals that travel onsite to verify farms and meet with employees to ensure practices adhere to the appropriate standards. FI is encouraged by the company's focus on its supply chain.

Waste Management: FI inquired what initiatives the company has implemented in order to achieve its 2030 target of 50% waste reduction. The company's current focus is on making its packaging recyclable and

reusable. In 2022, the company rolled out and began testing its new generation of cups, which consist of 30% recycled material. More recently, the company announced a large investment in a recycling and reuse program, which supports local recycling programs and helps companies minimise material sent to landfills.

Shareholder Proposals: FI inquired whether the company had any objections to a recent shareholder proposal encouraging the company to utilise a third-party assessor for its collective bargaining rights and freedom of association for employees. This resulted from recent allegations of anti-union practices (unions are present at only 3% of its stores). The company stated that it has no objections to the third-party assessment, which it already initiated in 2023. At the 2023 AGM a majority of shareholders supported the proposal and the company will receive a recommendation following the conclusion of the assessment at the end of 2023.

OUTCOME

Engagement concluded. We feel the company's initiatives to mitigate risks associated with palm oil sourcing in its supply chain are satisfactory and appreciate that it is engaging with a third-party assessor following its recent shareholder proposal.

ENGAGEMENT HIGHLIGHTS

ENVIRONMENTAL & SOCIAL ENGAGEMENT



SECTOR: CONSUMER STAPLES



TOPIC: BIODIVERSITY
HUMAN RIGHTS

STATUS: ONGOING

OBJECTIVE

Consider expanding its human rights risk management framework to address certain business risks; take steps to address negative biodiversity impacts.

SUMMARY

The British consumer goods company has come under increased criticism due to its ongoing operations in Russia. FI met with the company to discuss the heightened human rights due diligence process it uses in conflict-affected and high-risk areas (CAHRA), such as Russia. In addition, we sought to understand the company's approach to raw materials sourcing, specifically palm oil, as well as packaging and waste management.

Human Rights Policy: The company failed to exit Russia soon after the Ukraine invasion, and now it is facing ongoing risks to its brand that eclipse the financial value of its Russian operations. The company said the board is heavily engaged in monitoring the situation, which speaks to the issue's importance beyond the sales represented by Russia. To date, the company's response has been determined by two key principles – preventing economic value flowing to the Russian state and doing right by its Russian employees. The company is running the business in a minimal way with no capital flows, no import/exports and no marketing. The company views this as the 'least bad option.' The company has leading human rights policies and practices and the new CEO has committed to reviewing the situation.

Sustainable Sourcing: FI inquired how the company addresses sustainable sourcing of the inputs to its value chain and noted that many commodities come from CAHRA. Palm oil is a key commodity that is connected to ~60% of sales. The company has a goal to deliver a deforestation-free supply chain by the end of 2023 for key commodities. It has a robust plan for traceability to ensure its purchases aren't coming from a deforestation area. It is even taking the step of building a palm oil processing plant. The end goal is to source from mills surrounding the plant where deforestation happened previously, so there will be no new deforestation. It hopes to achieve full traceability from plant to end use. The company wants to work with small farmers, NGOs and local governments to encourage production of local and sustainable palm oil.

Waste Management and Plastics & Packaging: The company views single use plastics as one of the biggest risks to its business. To manage this risk, it has a number of targets set out in its annual reporting but its progress is uneven. Achieving its target to cut the use of virgin plastic by 50% is reliant on finding an alternative or creating a circular plastic economy (to increase the supply of post-consumer content), so it is prioritising this. It is working with partners, packaging suppliers, universities and its own team of materials scientists to find solutions.

OUTCOME

Ongoing engagement. FI is encouraged by the company establishing itself as a leader in integrating the UN Guiding Principles on Business and Human Rights (UNGPs) into its human rights policies, procedures, frameworks, and due diligence. However, given the reputational risk and potential consequences for continued operations in CAHRA, we would like to see the company further develop CAHRA as a salient human rights issue. We believe this will help the company conduct holistic evaluations of business risk in the many countries in its commodity supply chain.

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 organisation'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 organisation'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

By the end of Q3 2023, this engagement initiative had a **10% overall success rate**, which is in line with the lower end of our expectations.

FI AS LEAD INVESTOR

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

Domiciled Country	# of Companies
USA	11
China	10
Republic of Korea	2
Ireland	1
Australia	1
Poland	1
Taiwan	1
Indonesia	1
Japan	1
Brazil	1

DISCLOSURES

Source: Fisher Investments Research, as of September 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.

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TERMS OF BUSINESS

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1. Fisher Investments Europe

Fisher Investments Europe Limited trades under the name Fisher Investments Europe ("**Fisher Investments Europe**"), is registered in England (Company No. 3850593) and is authorised and regulated by the UK Financial Conduct Authority ("**FCA**") (FCA No. 191609). Fisher Investments Europe's permitted business is agreeing to carry on a regulated activity, managing investments, advising on investments, making arrangements with a view to transactions in investments, arranging deals in investments, dealing in investments as agent, advising on pension transfers and pension opt-outs, and insurance mediation. You can check this on the FCA's register by visiting the FCA's website www.fca.gov.uk/register/home.do or by contacting the FCA on +44 0845 606 1234. The FCA's address is 25 The North Colonnade, Canary Wharf, London, E14 5HS.

2. Communications

Fisher Investments Europe can be contacted by mail at Level 18, One Canada Square, Canary Wharf, London, E14 5AX; by telephone on +44 0800 144 4731; or by email to FIEOperations@fisherinvestments.co.uk. All communications with Fisher Investments Europe will be in English only. Fisher Investments Europe's web address is <https://institutional.fisherinvestments.com/engb>.

3. Services

These Terms of Business explain the services offered to professional clients and will apply from when Fisher Investments Europe begins to advise you. Fisher Investments Europe offers restricted advice only (meaning it does not offer independent advice based on an analysis of the whole of the market and does not recommend investment management services of companies other than Fisher Investments Europe or its affiliates). As part of its services, Fisher Investments Europe seeks to:

- a) Reasonably determine your client categorisation;
- b) Understand your financial circumstances and investment aims to determine whether the full discretionary investment service described in Clause 4 and the proposed investment mandate and accompanying benchmark(s) (or an Undertaking for Collective Investment in Transferable Securities ("UCITS") with a similar mandate and benchmark for which Fisher Investments Europe's parent company serves as investment manager) are suitable for you;
- c) Explain features of the investment strategy;
- d) Describe investment performance as it relates to the investment strategy;
- e) Provide a full explanation of costs;
- f) Assist in the completion of documentation;
- g) Where specifically agreed, review your position periodically and suggest adjustments where appropriate.

Fisher Investments Europe will not provide ongoing services unless you enter into an agreement for discretionary investment management services or invest in a UCITS as described in [Clause 4](#).

4. Discretionary Investment Management Service and Investments

To help you achieve your financial goals, Fisher Investments Europe may offer its discretionary investment management services. In such case, Fisher Investments Europe will outsource the portfolio management function and trading functions to its affiliates. In particular, the portfolio management function will be outsourced to Fisher Investment Europe's parent company, Fisher Asset Management, LLC, trading as Fisher Investments ("**Fisher Investments**"), which is based in the USA and is regulated by the US Securities and Exchange Commission (SEC). In addition, trading functions may be carried out by Fisher Investments Europe, its affiliate, Fisher Investments Luxembourg, Sàrl ("**FIL**"), which is based in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier (CSSF), Fisher Investments, or other affiliates (each, a "**Trading Delegate**"). Fisher Investments Europe may also outsource certain ancillary services to Fisher Investments, Fisher investments Ireland, or other affiliates.

Subject to applicable regulations, for qualified investors Fisher Investments Europe may recommend an investment in UCITS regulated by the Central Bank of Ireland and for which Fisher Investments serves as investment manager.

5. Client Categorisation

Fisher Investments Europe deals with both retail clients and professional clients. All clients and potential clients who deal with Fisher Investments Europe's institutional directors (sales) ("**Institutional Directors**"), will be treated as professional clients, either through qualification as a professional client or, in the case of local municipal authorities, through opting up to be treated as a professional client. Accordingly, you are categorised as a professional client. You have the right to request re-categorisation as a retail client which offers a higher degree of regulatory protection, but Fisher Investments Europe does not normally agree to requests of this kind.

TERMS OF BUSINESS

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6. Financial Services Compensation Scheme ("FSCS")

Whilst the activities of Fisher Investments Europe are covered by the FSCS, compensation under the FSCS in the event Fisher Investments is unable to meet its liabilities because of its financial circumstances is only available to eligible claimants. Because you have been categorised as a professional client, you are unlikely to be eligible. In addition, the protections of the UK regulatory regime, including the FSCS, do not apply in relation to the services of Fisher Investments or any non-UK service providers or to the extent your assets are invested in non-UK funds or ETFs. In the event you are eligible and do have a valid claim, the FSCS may be able to compensate you for the full amount of your claim up to £85,000 per person per firm. You can contact Fisher Investments Europe or the FSCS (www.fscs.org.uk) in order to obtain more information regarding the conditions governing compensation and the formalities which must be completed to obtain compensation.

7. Risks

Investments in securities present numerous risks, including various market and currency fluctuation, political, economic and political instability, differences in financial reporting, liquidity risk, interest rate risk, credit risk, and other risks, and can be very volatile.

Investing in securities can result in a loss, including a loss of principal. Using leverage to purchase and maintain larger security positions will increase exposure to market volatility and risk of loss and is not recommended. Investments in securities are only suitable for clients who are capable of undertaking and bearing a risk of loss. Specific risks associated with particular types of securities that may be held in your account are explained further below.

Past performance is not a guarantee nor a reliable indicator of future investment returns. Fisher Investments Europe cannot guarantee and makes no representation or warranty as to future investment returns or performance. There is no guarantee for avoidance of loss, which is impossible with investments in securities, and you have not received any such guarantee or similar warranty from Fisher Investments Europe or any representatives thereof.

Depending on your investment strategy, Fisher Investments Europe may invest in the following types of securities, which carry the following risks:

Investments in smaller companies may involve greater risks than investments in larger, more mature companies. Investing in derivatives could lose more than the principal amount invested in those instruments. Various investment techniques used by Fisher Investments Europe may increase these risks if market conditions are not accurately predicted.

Equity securities prices may fluctuate in response to many factors, including general market conditions, specific sector and country issues, and company specific information or investor sentiment. Individual equity securities may lose essentially all their value in the event of bankruptcy or other insolvencies of the underlying issuer.

Fixed income securities are subject to various risks, including price fluctuation due to changes in the interest rate environment, market liquidity, changes in credit quality of the issuer, prepayment or call features of the securities, and other factors, including issuer default. While some fixed income securities are backed by the full faith and credit of a sovereign government, this does not prevent price fluctuations nor fully eliminate the risk of default. If fixed income securities are not held to maturity, they may realise losses.

Using borrowed funds to purchase and maintain larger security positions will increase exposure to market volatility. In a declining market, investment losses may be substantially increased, occur more rapidly, or become realised. Fisher Investments Europe does not typically employ margin leverage (gearing) on the overall strategy, but may employ some leverage directly or indirectly as a defensive technique (e.g. margin borrowing of securities to sell short for hedging purposes), or indirectly on a limited basis through individual derivative securities, as described more fully below.

If Fisher Investments forecasts a prolonged and substantial market downturn, Fisher Investments Europe may adopt defensive posturing for your account by investing substantially in fixed income securities, money market instruments, structured or exchange traded notes, put options or other derivatives on securities or indexes or ETFs, selling short securities or ETFs, and other hedging techniques. There can be no guarantee that Fisher Investments will accurately forecast any prolonged and substantial downturn in the market, that Fisher Investments Europe will adopt a defensive strategy, or that the use of defensive techniques would avoid losses.

Derivatives typically derive their value from the performance of an underlying asset, interest rates or index. The price movements of derivatives may be more volatile than those of other securities and result in increased investment risk. Many of these investments may not enjoy as much liquidity as other securities.

Short sales may be used to fully or partially hedge other investments or to seek returns unrelated to other investments. "Short sales" means the borrowing of a security for a period of time and selling the borrowed security on the market; the seller is then required to buy the security on the market at a later time before it is due to be returned. Short sales result in gains or losses depending on whether the price of the security increases versus the price at the time of the short sale (which results in a loss) or decreases versus the price at the time of the short sale (which results in a gain). The loss from a short sale is theoretically unlimited depending on how much the security sold short increases in value.

Structured notes and ETNs are debt instruments whose return is derived from the performance of a reference index or other underlying securities or investments. The performance of a note is determined primarily by the performance of the underlying investments; therefore, despite technically being a corporate debt instrument, notes can be designed to provide returns similar to other asset classes. These notes may include leverage, which increases risk and volatility. These notes are issued by third-party financial institutions, at the request of Fisher Investments, and thus bear the credit risk of those entities. Whilst a feature of such notes is a maturity date, they may be sold in the market or redeemed with the issuer before maturity. Given the limited number of market makers involved in quoting a given note, price dislocation versus fair value may occur should limit orders not be utilised when sold in the open market. Alternatively, such notes may be redeemed daily back to the issuer, minus a redemption fee specific to each issuer (generally close to 0.10%), implicitly charged in the execution price.

TERMS OF BUSINESS

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8. Data Protection

To offer and provide the services described in Clause 3, Fisher Investments Europe may collect and process personal data that is subject to data protection laws, in accordance with its Privacy & Cookie Policy. You acknowledge the Privacy & Cookie Policy, which can be found here: <https://www.fisherinvestments.com/en-gb/privacy>.

9. Custody and Execution

None of the Fisher Investments group companies (the "Fisher Group"), including Fisher Investments Europe, are authorised to hold client money. No Fisher Group company will accept cheques made payable to any of the Fisher Group companies in respect of investments, nor will they handle cash. All client assets are held at external custodian banks where each client has a direct account in their own name.

If you appoint Fisher Investments Europe as your discretionary asset manager, Fisher Investments Europe will arrange (including through its Trading Delegates) for the execution of transactions through selected custodian banks and brokers and at such prices and commissions that it determines in good faith will be in your best interests. Further information regarding selection of brokers is governed by your investment management agreement ("IMA") with Fisher Investments Europe. Fisher Investments Europe does not structure or charge its fees in such a way as to discriminate unfairly between execution venues.

The brokers and dealers to which your transactions may be allocated will use various execution venues, including without limitation:

- a) Regulated Markets in the USA or elsewhere (usually those exchanges where companies have their primary listing and other exchanges on which their securities are admitted to trading);
- b) Multi-Lateral Trading Facilities ("MTF") and Organised Trading Facilities ("OTF") in the USA or elsewhere (i.e. a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract);
- c) Systematic Internalisers (which are investment firms dealing as principal and providing liquidity on a systematic basis);
- d) Other liquidity providers that have similar functions to any of the above;
- e) Counterparties that may access the above venues on behalf of Fisher Investments Europe and/or its Trading Delegates (or their clients) or trade on their own account.

You must be notified and approve of any off-venue trades prior to execution unless previously agreed to by you directly with the custodian. As a result of brokers/dealers using the execution venues mentioned above, your transactions may be executed on an execution venue that is neither a regulated market in the European Union nor an MTF in the European Union and therefore you will be required to expressly consent to the execution policy of Fisher Investments Europe by signing the IMA.

Fisher Investments Europe's top five trading venues are listed on its website.

Generally, financial instruments will not be affected if a custodian suspends payments or goes bankrupt. This is due to the fact that you will normally be able to take possession of your financial instruments based on the custodian's registration of your rights. Generally, it is only if the custodian fails to handle your financial instruments or register your rights correctly where you may not be able to take possession of the financial instruments.

If you appoint Fisher Investments Europe as your discretionary asset manager, you will receive a periodic statement every calendar quarter. This statement compares the performance of your account with that of a relevant benchmark in order to facilitate the assessment of performance achieved by the account. For performance, management fee calculation and reporting purposes, exchange traded equity securities are valued based upon the price on the exchange or market on which they trade as of the close of business of such exchange or market. All equity securities that are not traded on a listed exchange are valued using a modelled estimate of the bid price, also known as a bid evaluation, provided by Fisher Investments Europe's primary pricing service. Fixed income securities are valued based on market quotations or a bid evaluation provided by Fisher Investments Europe's primary pricing service. All securities are valued daily given a price from Fisher Investments Europe's primary pricing service is provided; otherwise, all securities are valued on at least a monthly basis.

10. Conflicts of Interest

Fisher Investments Europe has a conflicts of interest policy to identify, manage and disclose conflicts of interest. Fisher Investments Europe, its affiliates or any of their employees or representatives may have with a client of Fisher Investments Europe, or that may exist between two clients of Fisher Investments Europe. Fisher Investments Europe's conflicts of interest policy covers gifts and favours, outside employment, client privacy, inadvertent custody, marketing and sales activities, recommendations and advice, and discretionary investment management services. Institutional Directors of Fisher Investments Europe are paid a variable component of their total remuneration, calculated as a percentage by reference to management fees paid to Fisher Investments Europe during the first three to ten years of a client relationship. Such remuneration will not increase or impact the fees payable by you. Fisher Investments Europe and Fisher Investments have a financial incentive for Fisher Investments Europe to manage client assets. Details on Fisher Investments Europe's conflicts of interest policy are available on request.

TERMS OF BUSINESS

For Professional Clients Only

Fisher Investments Europe Limited (FIE) is authorised and regulated by the Financial Conduct Authority. Registered in England, Company No. 3850593.

11. Fees

If you enter into an IMA with Fisher Investments Europe, you will pay management fees to Fisher Investments Europe as detailed in the IMA. Fisher Investments Europe will pay a portion of such management fees to Fisher Investments as the sub-manager. If you invest in a UCITS fund managed by Fisher Investments, Fisher Investments will receive its management fee indirectly through the UCITS. Fisher Investments Europe does not charge a separate fee for its introducing or distribution services. You will also incur transaction and custody fees charged by brokers and custodians. However, any such additional fees will be payable directly to those brokers/custodians, and no Fisher Group company will receive any commission or other remuneration from those brokers/custodians.

12. Termination

If you wish to cease using the services of Fisher Investments Europe at any time, then send notification in writing and the arrangement will cease in accordance with the IMA. However, if a transaction is in the middle of being arranged on your behalf at that time and it is too late to unwind it, then the transaction may need to be completed first.

13. Complaints

Fisher Investments Europe seeks to provide a high standard of service to clients at all times. If you have a complaint about services, please contact Fisher Investments Europe:

by writing to: Head of Compliance
Fisher Investments Europe Limited
Level 18, One Canada Square
Canary Wharf, London, E14 5AX
or by calling: +44 0800 144 4731

Fisher Investments Europe will endeavour to resolve the matter, as soon as practicable and generally within 8 weeks. If you are dissatisfied with the outcome of any complaint made to Fisher Investments Europe, or you do not receive a response within such time, you may be eligible to complain directly to the UK Financial Ombudsman Service ("FOS"). Further details in respect of FOS can be found at www.financial-ombudsman.org.uk.

14. Governing Law

These Terms of Business are governed by, and will be construed in accordance with, the laws of the England.