

OUR QUEST TO BETTER THE INVESTMENT UNIVERSE

Since Fisher Investments' founding in 1979, Fisher Investments and its subsidiaries, which includes Fisher Investments Europe Limited, has been dedicated to bettering the investment universe. One of our guiding principles is to always put our clients' interests first. We believe proactive service, straightforward communication, and continuous investment education are critical to our clients' long-term investing success.

Over time, we have grown and now have more than 5,500 employees worldwide operating in cities and communities across the United States, Canada, Costa Rica, Europe, Australia, the Middle East, and Japan. We manage over £185 billion in assets under management across private and institutional clients. Our growth brings a distinct responsibility for stewardship, and we are pleased to present the following Stewardship Report that details how our Responsible Investments Programme and organisation at large embodies the principles of the UK Stewardship Code.

We are proud of how far we've come, and we remain steadfast in our commitment to continually innovate and adapt our services to fulfill our obligation as optimal stewards for our clients' assets.

Thank you for your interest in Fisher Investments Europe Limited.

Sincerely,

Justin Arbuckle

Director, Fisher Investments Europe Limited

Senior Executive Vice President, Institutional Group, Fisher Investments

The following is presented by Fisher Investments Europe Limited¹, trading as Fisher Investments Europe (FIE), who outsources portfolio management to its parent company Fisher Investments (FI). Unless otherwise specified, references to investment professionals², operations personnel, and middle and back-office personnel are references to FI employees. "We", "our," and "us" generally refer to the combined capabilities of the Fisher group of companies, including FIE (Fisher Group).

PRINCIPLE 1: PURPOSE AND GOVERNANCE

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Organisational Purpose

Fisher Investments (FI) and its subsidiaries, including Fisher Investments Europe (FIE), perform investment management services globally for private clients, small businesses, and institutions. As of 31 December 2023, we manage over £185 billion GBP in AUM³. Both FIE and FI are committed to protecting the interests of clients and always placing their interests first. FI is a United States Securities and Exchange Commission (SEC) registered investment adviser, and as such has a fiduciary obligation to clients. FIE is authorised and regulated by the United Kingdom Financial Conduct Authority (FCA) and conforms to all fiduciary requirements set forth by the FCA.

FI and its subsidiaries consist of four business units – Fisher Investments Institutional Group (FIIG), Fisher Investments US Private Client Group, Fisher Investments Private Client Group International, and Fisher Investments 401(k) Solutions Group. For separately managed accounts, FIE serves as the investment manager and FI serves as the sub-investment manager. FI's Investment Policy Committee (IPC) is responsible for all investment decisions for the firm's strategies.

We are committed to strategically expanding our capabilities in hopes of bettering the investment universe. Our focus is deeply rooted in delivering unparalleled service, being good stewards of the assets entrusted to us, in addition to continuous education and appropriate solutions for our clients.

Our company Vision Statement (excerpt following) is the "North Star" guiding our core beliefs and purpose. It is the primary mechanism by which we promote and ensure our unique culture across all employees, worldwide.

VISION

Boldly Pioneering Tomorrow's Investment Solutions Today, Assuring Success

- We will maximize the firm's long-term enterprise value by independently striving to dominate our chosen markets.
- Our quest requires delivering unparalleled service, continuous education, and appropriate solutions to our clients and always considering their interests first.
- We believe in directness, delivering personal via machine, driving quality through scale, being fact-driven, and demanding metric-based accountability.
- We will develop human capital from within by building breadth and depth in individuals. We endeavor to build lifelong careers and reward those embodying loyalty, flexibility, and "will-do".
- To succeed, we must have an inclusive culture, actively developing and supporting diversity across the vast spectrum of human differences, creating a place of authentic belonging for all.
- Along this journey, we seek to better the investment universe by doing what others haven't done yet. We will create knowledge, foster innovation, embrace change, and be unconstrained by convention.

Investment Beliefs

We believe a top-down approach allows us to develop and maintain a comprehensive and differentiated perspective for identifying and exploiting opportunities in equity markets. Our strategies employ this belief by utilising a top-down investment process based on applying our unique capital markets research to the analysis of a wide range of economic, political and sentiment drivers to formulate macro forecasts and develop portfolio themes.

We believe the equity market structure creates opportunities for top-down managers to generate alpha in the global market space, as decisions on how to overweight or underweight key countries and sectors can dramatically impact relative return. Additionally, our strategies seek to add value at the security level, but we believe traditional individual security research is most effective when used to complement higher-level portfolio themes and characteristics. We believe this top-down analysis provides a unique understanding of when the market is likely to reward a company's strategic attributes, ultimately contributing to the outperformance of the particular security.

We incorporate stewardship throughout our investment process in a manner that simultaneously focuses on our fiduciary duty to clients and supporting client desires for long-term results (rather than immediate returns), while also allowing for repeatability in the application of our investment process. FI's formal ESG Philosophy Statement states:

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 security levels consistent with clients' investment goals and ESG policies maximises the likelihood of achieving desired performance and improving environmental and social conditions worldwide.

2023 Outcome

Throughout 2023, we took several actions to further implement our ESG Philosophy Statement. This includes launching a new ESG investment strategy as well as enhancing existing ESG investment strategies, developing internal frameworks to further support compliance with new ESG regulations around the world, maintaining existing Ecolabel certifications and attaining an additional Ecolabel certification, and enhancing and expanding our engagement capabilities. These actions are further detailed in the table at the end of Principle 1.

Our ESG Policy Statement is available on our <u>website</u> and provides an in-depth discussion of our actions to implement our Responsible Investments programme. This includes:

- How financially material ESG factors are integrated into our investment process and detailed descriptions of our broader responsible investment capabilities made available to our ESG clients;
- How we monitor our holdings;
- The data providers we use;
- Our approach to active ownership.

Strategy

FI's Investment Policy Committee (IPC) serve as the portfolio managers for all our strategies. The IPC has five members and, to help facilitate ESG integration, one member is designated as the ESG point person.

We believe our top-down approach allows us to better identify and exploit global equity market opportunities by uncovering inefficiencies through unique, proprietary analysis of widely available information. Our approach focuses on three basic decisions ultimately made by the IPC and based upon research conducted by the Capital Markets Research and Securities Research Analysts. This top-down approach allows us to gain exposure to the macro themes, countries (where applicable), sectors/industries, and securities we believe are most likely to generate the highest expected returns:

- 1. **Global Macro Theme and Forecasts:** Identify where we are in the market cycle and macro themes for the portfolio.
- 2. **Country Exposure and Sector/Industry Exposure:** Identify the countries (where applicable) and sectors/industries most likely to outperform or underperform versus the benchmark.
- 3. **Security Selection:** Identify the security or group of securities within a particular category increasing the likelihood of beating the overall category.

We expect alpha over time to equally be attributable to country (where applicable), sector/industry, and security decisions.

Our top-down approach is well-suited to accommodate ESG integration and effective stewardship. Many responsible investment topics are actually macro themes – examples include climate change or human rights risks – where understanding the global drivers helps to guide decisions about country and sector exposure and security selection. For a complete description of our ESG integration activities please see our response to Principle 7 below.

The Fisher Group has been managing responsible investment accounts with various thresholds of environmental or social guidelines for more than 25 years. Over time this approach has enabled us to expand the depth of our responsible investment capabilities, and we currently offer a wide range of ESG strategies, including impact-related strategies incorporating the UN Sustainable Development Goals (SDGs), strategies aligned with the Paris Agreement, and strategies with varying thresholds of sustainable investment commitments. We integrate financially material ESG factors throughout the investment and portfolio construction process, and are an active owner by voting proxies and conducting direct corporate engagements. As of 31 December 2023, the Fisher Group managed accounts valued at over £13 billion with ESG, religious and/or socially-responsible investment (SRI) guidelines.

Our Culture

As a leading privately owned investment management organisation, our culture is deeply rooted in continually developing new, innovative approaches to asset management and delivering unparalleled service to our clients. We develop human capital from within by building breadth and depth in individuals, and endeavour to build lifelong careers by providing our people with the opportunity to succeed and the accompanying rewards for achievement. We love the fact that employees join the Fisher Group and choose to stay and establish a lifelong career. Much of our management is comprised of employees who turned their first job at the Fisher Group into their life's work.

Our culture drives our success; by creating a positive, productive and rewarding work environment, we are able to maximise the quality of service we deliver to each and every client. In doing so, the Fisher Group is proud to be recognised as a great place to work⁴.

















Assessment of Effectiveness: Our Culture – Enabling Effective Stewardship

We have been managing responsible investment accounts with various thresholds of environmental or social guidelines for over 25 years. We are committed to incorporating ESG factors in our investment decision-making and ownership practices, in order to help meet and exceed the wide spectrum of investment objectives and goals across our global client base.

Our growing Responsible Investments programme is led by members of the Portfolio Management Group (PMG) and the Fisher Investments Institutional Group (FIIG), which places stewardship in the dual realms of investment management and client service. Furthermore, we understand that we are stronger together, as such, FI and/or its subsidiaries are an active participant in, or a signatory/supporter of, several responsible investment initiatives. These include the PRI, the UK Financial Reporting Council's Stewardship Code, the UN Global Compact, the Climate Action 100+5, the CDP (formerly "Carbon Disclosure Project"), and the Task Force on Climate related Financial Disclosures (TCFD).

To drive our vision of bettering the investment universe and to uphold our culture of unparalleled client service, we continuously seek ways to strengthen our products and services. Please find below an assessment of our effectiveness in serving the best interests of clients and beneficiaries through our responsible investment objectives and activities from 2023:

2023 Outcomes

Objective	Activities	Outcomes
Enhance ESG integration into our equity and fixed income investment processes and portfolio construction	 Throughout 2023, we launched one new ESG strategy. We enhanced our existing ESG products for our international retail client base to meet the elevated Article 8 requirements of the EU's Sustainable Finance Disclosure Regulation (SFDR). We produced 137 discrete internal ESG-related research pieces that were presented to FI's Investment Policy Committee (IPC). Various ESG subject matter experts across the firm conducted 34 RI/ESG-related trainings. We enhanced our monitoring of Sustainability Risks. We automated the compliance monitoring process for our portfolio-level requirements of the Sustainable Finance Disclosure Regulation (SFDR). 	We continued to enhance our existing responsible investment offerings and deepen our ESG integration and monitoring processes in 2023. We are integrating a broader range of ESG datasets into our investment process than previously.
Offer best-in-class strategies that enable our clients to meet their own responsible investment objectives	 We tailor our strategies to reflect the client's objectives and priorities. We maintained the Belgium 'Towards Sustainability Label' certification for two funds (which have held this Ecolabel since 2021). We maintained the Austrian Ecolabel certification for one fund (which has held this Ecolabel since 2020) and attained the Austrian Ecolabel certification for one additional fund. We offer custom client reports that detail a portfolio's SFDR/PAI/EU Taxonomy alignment, carbon footprint/TCFD, progress toward the Sustainable Development Goals, ESG Scores, and proxy voting. 	Our clients have a wider range of investment options and portfolio monitoring tools to meet their responsible investment objectives.
Increase corporate engagement activities, including collaborative engagements and client co- engagement	 We added staff to our dedicated Investor Responsibility and Engagement (IR&E) team to increase the depth and breadth of our corporate engagements. We implemented an Outcomes Framework to track the progress of our engagements. We participated in 32 collaborative engagements, an increase over the previous year, alongside other institutional investors and continue to pursue additional opportunities. We also requested 30 companies disclose environmental data to CDP. We held 11 client co-engagements with corporate issuers in 2023, which are also included as collaborative engagements in the previous bullet. 	We increased our engagement activity over the previous year and continue to request better ESG disclosure from portfolio holdings across geographies, sectors, and market caps.

PRINCIPLE 2: PURPOSE AND GOVERNANCE

Signatories' governance, resources and incentives support stewardship.

Our most important stewardship resource is our staff, the people that develop and implement our Responsible Investments programme. We also have a number of governance structures and processes in place to foster effective stewardship – several are described below, along with details regarding resources that support each.

Investment Policy Committee (IPC)

The IPC serves as the portfolio managers for all our strategies, and is responsible for all strategic investment decisions, including integration of financially relevant environmental, social, and governance factors into our top-down investment process. We believe one of our competitive advantages is the IPC's tenure and stability. Two of FI's Co-Chief Investment Officer's, Ken Fisher and Jeffery Silk, have worked together at the firm for over 40 years and all five members of the IPC average 30 years of experience at FI⁶. The IPC has successfully applied the same investment process across our strategies and managed accounts with various thresholds of environmental or social guidelines for over 25 years.

Directly supporting the IPC is FI's Research Department, comprised of 69 Research Analysts (as of 31 December 2023). Research Analysts support the IPC in their decision-making process, including ESG integration.

The IPC members and Research Analysts participate in a number of industry ESG-related professional development activities.

Research Department

FI's Research Analysts generate macroeconomic, capital markets, and securities research. The 69 Research Analysts are divided into four teams: Capital Markets (top-down research), Securities (bottom-up research), Capital Markets Innovation (theoretical research), and Portfolio Engineering (product specialists). The average industry experience of our Research Analysts is 12 years (as of 31 December 2023).

FI has appointed six ESG Specialists across the Research Department, the Fisher Investments Institutional Group (FIIG), and FI's Investment Policy Committee (IPC). FI's ESG Specialists are responsible for staying up to date with current and developing ESG trends, supporting the broader research organisation, and briefing the IPC when appropriate. Moreover, the ESG Specialists support and monitor the application of ESG analysis among the Research Department and liaise with our ESG data providers to verify the accuracy and comprehensiveness of the data we use in our decision-making.

ESG Specialists receive training designed to help them confirm compliance with client mandates, including training on the use of MSCI ESG Research. These specialists are responsible for training Research Analysts and Institutional Relationship Managers on ESG issues. All Securities Research Analysts

receive training on evaluation of equities, including, but not limited to, identifying potential performance risks presented by ESG issues.

Responsible Investments Committee

We have an established Responsible Investments Committee that is co-chaired by a member of FI's IPC and the Senior Executive Vice President of the Institutional Group (FIIG). The Committee meets quarterly and consists of approximately 30 members, with additional internal audiences invited as necessary. The Committee's duties and responsibilities include:

- Supporting our ESG and sustainability activities and policies.
- Ensuring alignment of Responsible Investments (RI) initiatives with firm's strategic priorities.
- Providing oversight of Fisher's RI Programme.
- Staying abreast of industry trends and helping to ensure FI is a leader in responsible investment.
- Initiating the development of new responsible and sustainable investment strategies.
- Reviewing effectiveness of current ESG analysis, integration, data availability, and reporting.
- Initiating ESG and sustainable research content.
- Educating key stakeholder groups within the firm on ESG matters.

RESPONSIBLE INVESTMENTS COMMITTEE				
IPC Member	Sr. Executive Vice President of Institutional	Vice President – Responsible Investments		
Select Institutional Relationship Managers	Investor Responsibility & Engagement Team	ESG Research Specialists		

Institutional Group - Dedicated Stewardship Roles

In addition to the IPC and ESG Specialists, the Institutional Group has continued to build a dedicated Responsible Investments & Engagement vertical. This vertical consists of the Investor Responsibility and Engagement (IR&E) team and the Responsible Investments (RI) team. Both teams report to the Senior Executive Vice President of the Institutional Group.

The IR&E team was fully formed in 2020 and has continued to bring breadth and depth to our corporate engagement programme since its origin. This team continued to expand in 2023, promoting one ESG Project Coordinator to the Engagement Analyst role to support the Fisher Group's growing engagement activities. The IR&E team now consists of a Vice President (VP) of Investor Responsibility and Engagement and three Engagement Analysts. The team has already expanded further in the first half of 2024, with additional growth planned for the second half of 2024 across additional global offices. The RI team was formally built out in 2022 and consists of a VP of Responsible Investments and a Responsible Investments Programme Manager.

Employees in this vertical averaged 9 years of industry experience in responsible investing, as of 31 December 2023. Further, there are plans to continue expanding headcount and focusing on professional development across these teams in 2024 and 2025.

Team Responsibilities & Resources

Responsible Investment (RI) Team

The RI team is responsible for further developing and expanding the RI Programme within the Institutional Group. This includes responsibilities such as enhancing RI processes, creating RI policies, supporting the development of new ESG strategies, coordinating compliance with global RI regulations and frameworks, and providing ESG subject matter expertise for our clients.

2023 Outcomes

The RI team formally rolled out an internal "Responsible Investment Roadmap" with the goal of providing a shared vision of our RI programme across multiple business units and management groups. This roadmap also serves in highlighting the efforts of the many teams involved in major RI accomplishments. The roadmap is meant to act as a living document that provides quarterly updates on the short and long-term strategic and tactical projects that support our common RI goals at both the firm and business unit-levels.

The RI team has been integral to supporting compliance with global ESG/RI regulations such as the EU's Sustainable Finance Disclosure Regulation (SFDR). In 2023, the RI Team coordinated the creation and distribution of annual SFDR periodic reporting to hundreds of in-scope clients, a requirement of SFDR.

Investor Responsibility & Engagement (IR&E) Team

The IR&E team members collaborate with Research Analysts to engage companies on significant ESG issues. The team utilises a top-down approach to prioritise sectors and issues, and then applies bottom-up analysis to identify company leaders and laggards. Common engagement themes include climate change, stewardship of natural resources, and respecting human rights. Engagement objectives are established at the outset and progress is tracked over time. Many of our engagements are conducted individually, however, we also engage collaboratively with other investors and institutional clients to achieve common goals. An example of successful outcomes for these roles is the year-over-year increase in engagement activity in 2023, as highlighted in Principle 1. Further outcomes related to this team's efforts can be found in Principles 9-12.

FI contracts with Institutional Shareholder Services, Inc. ESG's Collaborative Engagement Service (ISS CE) to increase the IR&E team's capacity to conduct norms-based engagements, such as those related to alleged violations of the UN Global Compact. In addition, FI is a signatory to CDP, and the IR&E team uses CDP data in its engagements.

2023 Outcome

In the 2023 reporting period, the ISS CE service facilitated engagements with 16 companies on global norm-based concerns related to regulatory actions, collective bargaining & unions, pollution & waste and human rights.

Institutional Group - Client Guidelines and Assurance Team (CGA)

Within our Institutional Group, the CGA team is responsible for ensuring compliance with client investment guidelines. This team is independent of the investment management team and reports to the Group Vice President of Institutional Service. CGA enters restrictions into our order management system (Charles River Investment Management Solution (CRIMS)) and monitors client account activity. Sanctioned entities are identified by subscribing to notices from various regulatory bodies, such as US Office of Foreign Asset Control (OFAC) and EU Sanctions notices. We also retain outside legal counsel and employ third party vendors such as MSCI to notify us of any changes or updates to sanctions. Sanctioned companies and countries are hard coded into restricted lists in our order management system. Any trades for companies that are identified as sanctioned are rejected.

2023 Outcome

As of 31 December 2023, the CGA team actively monitored 146 ESG/SRI rules across our various portfolios. There were zero violations of these rules in 2023.

Systems

To support the IPC and our Research Analysts, we maintain subscriptions to a variety of resources. Please see the below table for a snapshot of the various resources we utilise:

Service Provider	Services Provided		
MSCI	 ESG Ratings Business Involvement Screening Global Norms & Controversies Sustainable Impact/Carbon Metrics Enhanced Climate-Related Metrics & Reporting 		
Morningstar	Sustainability RatingsESG Research		
Bloomberg	Market research, data & analytics		
ISS (Institutional Shareholder Services)	 Implement Proxy Voting Guidelines Ensure Proxy Votes are cast Pooled Engagement service (broadens scope of our corporate engagement programme by working with other investors to elevate ESG concerns to corporate management) 		
FactSet	 Portfolio Analysis (performance, characteristics, risk, style) SDG Monitoring 		

We use MSCI ESG Research data in the development of our proprietary ESG research and our Top-Down Engagement focus lists. These applications draw upon ESG data to highlight ESG risks and opportunities at the sector and individual company levels. We work with Institutional Shareholder Services, Inc. (ISS) to implement our proxy voting guidelines and ensure our votes are cast. In addition, we use ISS' Collaborative Engagement Service to broaden the scope of our corporate engagement programme by working with other institutional investors to elevate ESG concerns to corporate management.

Incentives

Our compensation plans are engineered to align client and employee success. Focusing on a team concept, we formally evaluate most employees annually. Increases in income are based on contribution to the team, as well as individual improvements and accomplishments. This includes, but is not limited to, successful implementation and execution of stewardship focused objectives.

Assessment of Effectiveness

We believe our governance, resources and incentive structures have been highly effective in supporting growth of our stewardship capabilities while ensuring our client goals are met. Examples of this include consistent implementation of our investment process, expanding our ESG personnel numbers across both the Institutional and Portfolio Management Groups, continuing to maintain eco-label certifications, increasing engagement activity over the previous year (encompassing both individual and collaborative engagements), successful monitoring of portfolio specific guidelines, and actively supporting our client's portfolio-level ESG needs (e.g. adding new ESG screens, applying ESG integration, or creating new ESG strategies).

We believe our largest area of opportunity lies in staying abreast of industry trends (such as the EU's Fund Names Rules, the UK's Sustainability Disclosure Requirements (SDR) regime, and the EU's Sustainable Finance Disclosure Regulation (SFDR)), further aligning our strategies to support our clients' stewardship objectives, and continuing to enhance our transparency. We believe structures like our Responsible Investments Committee and our new Responsible Investments Roadmap have facilitated our success in this area, but we know there is constant room for improvement in the developing space of Responsible Investments.

We remain cognisant and committed to ensuring resources and priorities are focused on relevant trends, resources, and education opportunities.

PRINCIPLE 3: PURPOSE AND GOVERNANCE

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

We monitor conflicts of interest in our stewardship activities as well as in our general business activities.

Conflicts of Interest - Stewardship

We have a duty to ensure that any conflicts of interest are addressed in a way that puts our clients' interests first. Below we have outlined several of the ways we mitigate conflicts of interest:

- 100% focus on Asset Management. Because we are not involved in other parts of the financial services industry, we are able to focus on our core responsibility to our clients.
- FI is 100% Fisher-family and employee-owned, as of 31 December 2023¹. Our ownership structure aligns our success with our clients' success; being privately owned means that the firm does not have to balance multiple shareholder interests.
- We proactively avoid situations that can cause conflicts. FI's and FIE's directors, employees and "affiliated persons" are not employed by, do not sit on the board of, and do not provide consulting or similar services to, an issuer of securities in which we have invested assets under management, or intend to invest assets under management. We also work to mitigate any potential conflicts of interest with respect to the management of client accounts. For example, we eliminated formal soft dollar arrangements with broker dealers as disclosed in a recent regulatory filing of FI's Form ADV, Part 2A, found here: https://www.fisherinvestments.com/en-us/disclosures/form-crs-and-form-adv.

Conflicts of interest are also addressed in our Engagement and Proxy Voting activities:

Engagement

From time-to-time, a proposed company engagement may conflict with an institutional client's interests. Most commonly, a conflict can exist if we are conducting engagement with a company where we have an existing business relationship. In addition, it may not be prudent to initiate engagement when we are in the process of divesting our holdings. Less commonly, a stewardship engagement may be deferred due to a non-ESG engagement already initiated by a Research Analyst. To address such instances, our policy dictates that management review all new engagement requests to identify actual and potential conflicts of interest. If a conflict (or potential conflict) is found, and we believe engagement would not be in our client's best interests, we will not pursue the engagement.

Proxy Voting

Our Proxy Voting Policy is disclosed in our Engagement Policy (described in Principle 9) and contains additional safeguards. We believe that in most instances, these guidelines will adequately address any

¹ The information is provided as of 31 December 2023. For more recent information, please see FI's Form ADV.

conflicts of interest, including when we hold shares of a publicly traded company where we also have a business relationship.

Generally, except in cases where an institutional client provides written instruction to indicate otherwise, we will vote (by proxy or otherwise) on all matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held in institutional client accounts in such manner as we deem appropriate, in accordance with its written policies and procedures. These policies and procedures set forth guidelines for voting (or abstaining from voting) on many typical proxy proposals. FI regularly reviews these guidelines. In certain situations, the IPC might determine that it is in the client's best interests to vary from the guidelines, or that the proxy issue might require individual case-by-case consideration under the guidelines. Such instances are further discussed in Principle 12.

Where a proxy proposal raises a material conflict of interest between the interests of the Fisher Group and its clients, we will vote in accordance with the guidelines wherever FI does not have discretion to vary from the guidelines. Alternatively, we will obtain voting direction from Institutional Shareholder Services ("ISS"), an independent third-party proxy service provider, disclose the conflict of interest to the client and abstain from voting, or obtain client consent prior to voting the securities. Clients may obtain a copy of our proxy voting policies and procedures and/or information on how we have voted the client's securities by written request to FI. Proxy Voting Reports for the previous 12 months (rolling) are posted to our website.

Conflicts of Interest – General Business

As a fiduciary, we place the interests of our clients first. With respect to conflicts of interest, our Compliance Policies and Procedures Manual, and the embedded Code of Ethics Policy, defines the appropriate standards of professional conduct all employees are expected to follow as a condition of their employment by addressing topics including, but not limited to:

- Employee, proprietary and client discretionary trading;
- Outside business activities and investments:
- Political contributions; and
- Gifts and gratuities.

We actively seek to avoid situations involving potential conflicts of interest by closely monitoring our business practices, and reminding employees of their fiduciary responsibilities when they join and through annual compliance training.

We have strict procedures in place to help ensure that our fiduciary responsibility to our clients is maintained. Access employees may not engage either directly or indirectly in any personal securities transactions without prior written approval, with specific exceptions that are delineated in our Joint Code of Ethics and Personal Trading Policy. The Compliance Department carries out new hire and annual compliance training, which covers our policy prohibiting insider trading and personal trading policies.

2023 Outcome

The Fisher Group has systems and controls in place to ensure that employees are not allowed to invest personal assets in Institutional Group strategies (including ESG, SRI, and Impact strategies). This assists with negating the potential conflict of interest that may arise from trade allocation, ensuring that no account is favoured over another. The control is considered to be effective, as during 2023 there were no instances of employees investing or attempting to invest in Institutional Group strategies.

Our Compliance Programme is designed to comply with applicable rules and regulations, to help prevent violations of securities laws, to detect any violations should they occur, and to correct any violation as necessary. The Compliance Programme is implemented through a Compliance Manual and Supplements, procedures designed to implement such compliance policies, training to the business units, and review and oversight of our activities by the Compliance Department and senior management. We have adopted written policies and procedures designed to set standards for the Fisher Group and its employees. These policies are reasonably designed to detect and prevent any violations of regulatory requirements and our policies and procedures. Every manager is required to be responsible for and monitor those individuals and departments he or she supervises to help detect, prevent, and report any activities inconsistent with our procedures, policies, and high professional standards.

Should a potential fiduciary breach be detected, the situation is promptly escalated to the Law and Compliance Department and members of Senior Management for review and resolution, as applicable.

PRINCIPLE 4: PURPOSE AND GOVERNANCE

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Market Wide and Systemic Risk Analysis

We devote significant resources to understanding relationships and opportunities across countries (where applicable), regions, and sectors/industries, monitoring for both market and systemic risks globally.

Capital Markets Research

We believe our research structure allows us to capitalise on global macro trends and cross-country (where applicable) and sector/industry analysis, thereby increasing our chances of achieving excess return and controlling risk in a variety of market environments. We continuously monitor drivers to ascertain shifts and whether the market has discounted them yet.

Risk analysis of global capital markets is performed on an ongoing basis through periodic and ad hoc analysis, with regular reporting to FI's IPC. FI's IPC uses a myriad of indicators or "drivers" to determine country, sector and style allocations based on information provided by the Capital Markets Research team. These drivers allow us to establish relative risk and return expectations for countries, sectors and styles:

- Economic drivers such as monetary policy, yield curve and relative GDP growth analysis.
- Political drivers such as taxation, governmental stability and political turnover.
- Sentiment drivers primarily measuring consensus thinking to identify relative investment-category popularity. Sentiment driver interpretation is typically counter-intuitive (i.e., avoid the overly popular and seek the largely unpopular).

As a result of this research, we deliver events and research pieces including but not limited to; webinars, in-depth quarterly reviews, podcasts, and daily market commentary to both our clients and prospective clients. Our daily market commentary and podcasts are publicly available on our <u>website</u>, along with additional research pieces. These actions are further detailed in our 2023 Outcomes table in the "Investor Education and Communication" section toward the end of Principle 4.

Climate Risk

We consider both direct and transition risks and opportunities on the organisation and with respect to their financial impacts in portfolios. While the direct climate-related risks to the organisation are limited, FI does consider such risks throughout the investment process. Within portfolios, for example, we review the financial impact of climate-related legislation and shifting consumer and investor preferences on country (where applicable), sector/industry and security decisions, and the firm regularly engages companies in dialogue on climate-related risks and opportunities.

Further, Research Analysts monitor responsible investments thematic opportunities and risks deemed material to investment returns or those supporting ESG portfolio objectives. For example:

- Environmental thematic opportunities include, but not limited to, those related to the global low carbon transition (e.g., energy efficiency, alternative energy, electrical vehicle trends, green building & sustainable water).
- Environmental thematic risks include those related to thermal coal power, resource extraction (e.g., mining labour strikes and resource nationalisation), and litigation tied to environmental impact).

Additional risk-monitoring in this space includes:

Short term: Regulatory, Environmental Stewardship, & Business Activities

Short term climate risks may include those where companies may be negatively impacted by regulation or poor environmental corporate management or environmental accidents. Short term climate opportunities may include those where companies are fundamentally impacted from a climate related business activity (e.g. capturing increased market share or profits). Such risks and opportunities tend to be idiosyncratic and mostly within the firm's investment horizon (12–18 months).

Medium term: Regulatory & Reputational

Medium term risks and opportunities are those where country-level environmental policy or shifting consumer preferences impact (positively or negatively) companies as they successfully or unsuccessfully take advantage of broader trends. Such risks and opportunities are sometimes idiosyncratic, and sometimes within the firm's investment horizon.

Long term: Climate Change Transition Risks

Long term risks and opportunities are those mostly associated with a broader transition from a carbon-based economy. These risks and opportunities may be sizeable but slower to mature. Such long-term risks and opportunities are monitored to help ensure shorter-term opportunities and risks are appropriately identified.

Further, FI assesses the investment risk of climate change in the security selection process when relevant. When deemed material, metrics used to analyse such risks may include carbon emissions, fossil fuel production, and fossil fuel use amongst others. Within ESG portfolios, carbon-related activities are more directly targeted by restricting various coal-fired utilities and mining companies involved in thermal coal extraction. FI explicitly targets a carbon footprint reduction relative to a benchmark in its primary ESG strategy offerings. We regularly communicate carbon footprint metrics and our views on climate risks and opportunities (both periodically, and upon request by clients).

After purchase, FI monitors companies within the ESG portfolios for compliance, ensuring securities held in the ESG portfolio continue to meet FI's (or a client's) ESG guidelines. Such guidelines and valuations support the diverse non-financial objectives mandated by our clients.

2023 Outcome

We produced custom ESG-related research that discussed:

- ESG Opportunities in Small Cap Equities
- The Future of Clean Hydrogen
- Value Investing in ESG
- Values Based Investing
- Why Global Sustainable Equity Impact

We also produced our semi-annual ESG Newsletter that included articles on our approach to corporate engagement on biodiversity topics and our approach to sourcing engagement dialogues and assessing engagement outcomes. Further, we produced our ESG Insights publication.

Climate risk is also a priority in our corporate engagements. In 2023, 66% of our corporate engagements included discussion of the company's climate risks and opportunities. We recognise the importance of working together, and we collaborate with other institutional investors to engage companies when we believe doing so is likely to advance clients' interests, is consistent with our policies and procedures and is permissible under applicable laws and regulations. As described in Principle 10, we engage collaboratively with other institutional investors through the Climate Action 100+ engagement initiative and the CDP non-disclosure initiative. We view the latter as a means to increase the availability of standardised corporate performance data within the broader market, as many ESG data service providers incorporate CDP data into their own processes.

Risk Management

Implementation of appropriate risk management practices can contribute to the reduction of the possibility of systemic risks in the financial sector. By recognising our responsibility to prevent failure in our own business, we are supporting the larger goal of promoting a well-functioning financial system. We are a financially strong, established organisation with significant assets under management—diversified by both investment strategies and client constituencies. Our deep Research bench and the Investment Policy Committee (IPC) offset 'key person risk.' As a privately owned, 100% Fisher-family-and employee-owned organisation focused on asset management, our resources are entirely focused on investments. Being independently owned allows us to control all aspects of service delivery.

Please see below for a high-level overview of the group-level risks that we actively manage. A description of our risk management and due diligence procedures in relation to our Environmental, Social and Governance ("ESG") and Engagement Service Providers can be found in Principle 8.

• **Investment Risk:** Risk management is an integral part of our overall investment process, actively managing portfolio risk through procedural and mechanical controls, whilst being continuously cognisant of the relevant benchmark composition and related portfolio risks.

Risk management controls are applied in the analysis of prospective securities, to assess their correlation to the country (where applicable) and sector in order to maximise the possibility of leveraging top level themes, and to identify unintended risk concentrations in the security selection process. Controls are also implemented to verify there is no more than minimal country (where applicable), sector/industry and security dispersion in every account.

In addition to identifying and controlling investment risk, we have the objective of maintaining an independent organisation structured to help our clients accomplish their investment objectives.

- Operational Risk: An implemented Risk Management Framework supports the business in identification, evaluation, and management of risks from business operations. Ongoing risk assessment is supported by processes that enable the identification of new risks and the impacts of change, so that consistent and up to date reporting to senior management may be facilitated by the governance committee structure in place. In order that risk management processes support the achievement of regulatory compliance, appropriate conduct, and satisfactory client outcomes, a Policy Framework sets out the rules and guidelines for all employees and development of a risk culture is reinforced by ongoing training. A business continuity programme, incorporating disaster recovery, increases our ability to remain operationally resilient.
- **Enterprise Risk:** The Fisher Group's Enterprise Risk Management Group partners with business units to create a consistent framework for addressing all risk types. Specifically, their role is to help business units identify, assess, manage, monitor and report on risk management activities. Though business units are ultimately responsible for managing their risks, the Enterprise Risk Management Group offers guidance and insights that facilitate a structured, consistent, and holistic approach to risk management. In further detail, the Enterprise Risk Management Group leads five key processes:
 - 1. Risk and Control Self-Assessment: Business units assess their material risks, the related impact upon risk occurrence, and work with the Enterprise Risk Management Group to determine the effectiveness of their control environment;
 - 2. Risk Event Management: When a risk event occurs or nearly occurs, the Enterprise Risk Management Group conducts a review with the business unit to create an appropriate action plan that mitigates the impacts and helps prevent future occurrences;
 - 3. Risk Issue Management: When a risk that could impact the firm is identified by front line employees, risk issues are managed to prevent actual impact occurrence, and reported to management as well as the Enterprise Risk Management Group;
 - 4. Business Change Activities: For business process or system change, risk assessment output is reviewed to support informed decision making; and
 - 5. Third-Party Risk Management: Review and management of related risks to ensure that only appropriate third parties are on-boarded and maintained.
- **Information Security & Cyber Risk:** The Information Security function implements and maintains specific controls to identify potential threats and prevent impacts to firm's infrastructure and data. Periodic risk assessments are undertaken to address risks and identified gaps outlined

internally and by third-party external auditors. Incident response management has been implemented, providing information as to the effectiveness of controls, and is supported by regular, mandatory employee training. Fisher Group systems have been designed to identify cyber (IT) attacks and prevent the infiltration of malware, including viruses and Trojans, as well as direct attack from unauthorised access or disruption.

- **Information Technology:** Periodic Risk Assessment involves contributions from multiple business functions, to reflect strategic change initiatives, and opportunities and threats identified from an assessment of the internal and external environments. An Incident Management process provides system infrastructure performance data to underpin the risk assessment and operational resilience capability.
- Data Privacy: A global Privacy Program has been implemented to ensure that business and data protection processes are designed accordingly and enable compliance with regulatory principles and expectations. The global Privacy Program is based on an industry recognised framework that accommodates for industry or jurisdictional nuances and is tested and reviewed on an annual basis. To help ensure the security of client information, relevant Policies and procedures are in place, and these are supported by Transport Layer Security (TLS) encryption for email communication between the Fisher Group and its custodians preventing an unauthorised party from viewing the data, and mandatory password-protected, access to document transmission applications and, encrypted file attachments for emails to all other parties (clients, prospects, third-parties, etc.). In addition, the global Data Privacy Office advises on data privacy risks through various risk gateways along with other risk stakeholders.

Promoting a Well-Functioning Financial System

Stewardship & Industry Initiatives

From a stewardship perspective, our engagement activities and our participation in global responsible investment initiatives each play a role in promoting a well-functioning financial system. For example, corporate engagement is an important tool to ensure the companies we invest in are appropriately managing relevant financial and ESG risks at the corporate level. Holding each company to account for managing their own individual risks contributes cumulatively to reducing market-wide risks. The Fisher Group's participation in and support of global responsible investment initiatives such the PRI, the UN Global Compact, the Climate Action 100+, the CDP, and the Task Force on Climate related Financial Disclosures (TCFD) may have a similar effect.

Further, FI has extended our stewardship efforts beyond the scope of our clients, investments, and global responsible investment initiatives. In 2023, we began connecting with additional industry peers on relevant hot topics and emerging risks in the responsible investment universe.

2023 Outcomes

FI joined the investor led working group on Land Use and Climate Change (LAC) convened by CERES in 2023. The LAC working group meets quarterly and serves as a centre of investor education and collaboration on climate and land use issues. Investors learn about the financial risks and impacts of specific environmental issues such as deforestation, natural climate solutions, biodiversity, and GHG emissions from agriculture in between the quarterly meetings. The working group also serves as a forum for sharing about investment risks and opportunities, educational opportunities, and strategic support for engagement.

In Q4, Fl's Investor Responsibility & Engagement Team hosted an informational webinar for a large consulting firm on the topic of biodiversity, where we described and discussed the impact of this emerging risk factor on financial and natural capital.

FI's Vice President of Responsible Investments joined an MSCI working group in 2023. The panel is made of global industry experts meeting twice yearly (virtual) to create "...a space for senior stakeholders from leading financial institutions to come together, share their views on market and regulatory trends as well as discuss potential challenges around the evolving sustainability regulatory environment in the EU." The group's (unpaid) activities would primarily influence MSCI's internal regulatory product offerings/methodologies and is not meant to influence EU regulators directly.

Investor Education and Communication

We believe investor education and publicly sharing our market insights are important tools in a well-functioning financial system. This view is reflected in our Vision Statement (see Principle 1) which identifies unparalleled service and continuous education as two of the ways we seek to better the investment universe. Members of the IPC and Research Department have written 30 books, including 11 from our founder, Ken Fisher. The IPC's commentary and market perspective are available through periodic media publications in several languages and through client seminars hosted throughout the year. In addition, FI's market commentary is publicly available on our website and our YouTube channel.

In addition, we collaborate with our clients (a primary stakeholder) to create customised seminars, webinars, and/or written presentations tailored to their interests and topics of preference, including market and systemic risks. As an organisation, we are committed to educating our clients on the latest market events, and we encourage clients to use our research capabilities and leverage our resources as an extension of their own organisation.

We also create customised research pieces and educational materials for our clients. We provide indepth quarterly reporting and global market commentary and outlooks to our clients. We share a vast library of investment training and global market research with our clients, and we are continually producing leading commentary and insights on investment management innovation.

Below you will find an overview of the ways in which we identified and responded to market-wide and systemic risks in 2023, and how we shared this research accordingly:

2023 Outcomes

Below are some of the market-wide risks and topical subjects that we identified and shared with our investor base in 2023 through our Quarterly Reviews:

Q1 2023:

- The Widely Expected Recession That Hasn't Arrived
- Risks We Are Monitoring: Fighting Old Wars, Geopolitics, Credit Freeze, Reserve Requirements, Crypto Regulation, Mark-To-Market Accounting
- March's Banking Fears in Perspective

Q2 2023:

- Inflation and Interest Rates Around The World
- On The Eurozone "Recession"
- China's Local Government Debt Looks Manageable

Q3 2023:

- Q3's Decline: The Start Of A Correction?
- Al Enthusiasm
- Consumer Debt Worries

Q4 2023:

- The Bounce Effect in 2023
- Clean Energy Reality Undershoots Expectations
- Federal Reserve And "Soft landing"
- Emerging Markets Election Preview

FI created a recurring report known as the "Regulatory Monitor" that monitors proposed and newly implemented regulations in order to better identify threats with potential surprise power. The Regulatory Monitor acts as a periodic review of proposed and newly implemented regulation/legislation to support the Research Group's ongoing effort to identify large and underappreciated threats with significant unintended consequences & surprise power (e.g., systematic risks). The Research team categorises and focuses on trends in regulatory action then monitors specific political, regulatory & legislative action within each category. The monitor's focus categories are chosen qualitatively and change over time. As of the end of 2023, the regulatory monitor's focus categories included global tech/anti-trust regulation, US-China relations, green energy transition and regional bank regulations.

The Capital Markets Conditions Monitor acts as a periodic review of measures related to market liquidity, access to credit and money supply to support the Research group's ongoing assessment of overall capital markets relative health/stresses. The monitor includes quantitative data related to measuring market function, access to credit and money supply. Examples of items monitored include, but are not limited to, bond & equity market liquidity, trading spreads, volatility metrics, credit spreads, aggregate debt to asset & interest coverage ratios, money supply, and yield spreads.

Throughout the year, Ken Fisher and other senior Fisher employees made TV appearances on various channels such as CNBC, BBC, Bloomberg, CNN, and Fox Business to share our latest thinking on global capital markets and current events:

- Ken Fisher appeared on BBC News Channel's "World Business Report" Wednesday morning to discuss the US debt ceiling
- Aaron Anderson appeared on CNBC Asia's "Capital Connection" where he discussed oil prices, the impact of the current conflict in Israel and his thoughts on China
- Ken Fisher appeared on Sky News Australia's "Weekend Edition" to discuss the US economy and politics, the US debt ceiling and US-China tensions
- Recession is 'pretty impossible': Ken Fisher | FOX Business | Mornings With Maria
- US economy is in a bull market': Ken Fisher | FOX Business | The Claman Countdown with Liz Claman
- Ken Fisher: A bull market is in full swing despite 'draconian' Fed Fox Business Network's "Coast to Coast" with Neil Cavuto
- Why the stock market is smarter than any of us including the bears Ken Fisher published a column in the New York Post
- Why fears of a banking crisis were overblown bad regulation is the real problem Ken Fisher published a column in the New York Post
- What's happening with the 'Goldilocks economy' and what it means for your stock portfolio –
 Ken Fisher published a column in the New York Post

Throughout 2023, we provided coverage on the regional banking crisis spurred by the collapse of Silicon Valley Bank. We continued to provide coverage and market impacts of the regional banking distress as events unfolded, which included addressing relevant topics such as contagion risk and risk containment:

- MarketMinder February 2023 Quick Hit: The US Banking Sector in Two Charts
- Ken Fisher in the New York Post March 2023 Government fear-mongering over Silicon Valley Bank and how to profit
- Ken Fisher appeared on Fox News' "Your World" with Neil March 2023 Ken Fisher: Assesses the SVB collapse
- Ken Fisher appeared on BNN Bloomberg with Jon Erlichman March 2023 Ken Fisher:
 Assesses the SVB collapse contagion fears

- MarketMinder March 2023 Putting the Regional Bank Scare Into Perspective
- MarketMinder May 2023 Tying Up SLOOS Ends
- MarketMinder June 2023 Chart of the Day: Regional Banks on the Rebound
- MarketMinder March 2024 One Year in Regional Banking

Throughout the year, we continued to deliver our video series entitled "Macro Minutes." Whether our investors are interested in investment planning tools, or simply enjoy learning about the markets, these short videos are meant to provide topical education in a quick, easily digestible fashion. Throughout the reporting period, we produced six Macro Minutes videos, covering topics such as "Which Equities Will Lead in a New Bull Market?"

Macro Minutes videos are available to all clients and prospective investors through our public website. This website is also host to FI's ESG Newsletters, topical White Papers, and RI-related Media Releases.

Throughout the year, we continued to expand our *Market Insights* podcast. Our *Market Insights* podcast provides our latest thinking on global capital markets and current events.

Assessment of Effectiveness

As a training and knowledge-oriented organisation, our service philosophy begins with a commitment to transparency and responsiveness. We pride ourselves on our commitment to education and make special efforts to present our views on global markets regularly, especially in relation to market-wide and systemic risks. We believe that sharing our risk analysis and research globally, in conjunction with our organisation-level efforts to manage internal risk, contributes positively to a well-functioning financial system.

In our last submission to the UK Stewardship Code, we noted the need to improve our dissemination of research related to market-wide and systemic risks to external organisations. We have made progress in this area by sharing our research through additional global platforms, joining additional industry working groups, hosting open-invite webinars, and by sharing our market commentary even more globally – as of 31 December 2023, Ken Fisher's financial columns are shared in 20 countries, across 20 publications, in 10 languages. This is a 43% increase since 31 December 2020 (the initial reference period of the Fisher Group's first report put forth to the UK Stewardship Code 2020).

Looking forward, we believe we can continue to build on this knowledge-sharing initiative. As a privately held organisation, we believe our primary role in promoting well-functioning financial markets is through educating our clients and potential future clients. However, we understand the merit in sharing our unique global analysis more broadly, as knowledge-sharing has the power to promote a healthier financial system.

Please refer to our examples of collaborative engagement in Principle 10 for more information on how we have engaged with other external stakeholders.

PRINCIPLE 5: PURPOSE AND GOVERNANCE

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Our policies (including those related to stewardship), are reviewed annually, and we use compliance monitoring and auditing to provide assurance that our processes are effective.

FI has a management structure designed to allow open lines of communication throughout. Our CEO is generally responsible for oversight of all key operating decisions, together with input from the firm's Executive Chairman. Senior Management is supported by numerous Senior Executive Vice Presidents (SEVPs), Executive Vice Presidents (EVPs), and other Vice Presidents (VPs). Each of these individuals is responsible and accountable for a material part of firm operations and the ultimate success of their respective departments. On a periodic basis, specialised committees provide oversight for specific areas by reviewing issues and evaluating policies and procedures. In relation to stewardship policies, this includes our internal Responsible Investments & Engagement vertical, ESG Specialists in our Portfolio Management Group, and our Responsible Investments Committee (where applicable).

Compliance Monitoring

Our Compliance and Internal Audit Departments perform, no less than annually, both periodic and forensic testing of our written policies and procedures. This process is supervised by the respective heads of compliance for each Fisher Group entity. Members of the Law and Compliance Department communicate with members of FI's Investment Policy Committee (IPC) to help ensure we are fulfilling our fiduciary responsibilities to clients.

Our stewardship responsibilities and activities align with the following policies:

- <u>ESG Policy Statement:</u> Describes our approach to ESG and how it is integrated into our investment process;
- <u>Engagement Policy:</u> (includes Proxy Voting Policy): Describes our active ownership programme, including the issues we engage on, how we identify engagement opportunities, and our proxy voting policy;
- <u>Shareholder Rights Directive II Engagement Policy</u>: Describes how we integrate engagement into our investment process;
- Engagement Framework Policy: Internal document used to guide internal engagement operations, including monitoring, pre-engagement conflicts of interest checks, escalation strategies and reporting requirements.

In 2023, we continued adherence to our policies to ensure our stewardship policies and procedures are fair, balanced, and understandable. Our published reports are reviewed by the Compliance Department prior to publication to ensure the information fairly and accurately describes our engagement activity. We continued to publish quarterly engagement and proxy voting disclosures to maintain our transparency.

Auditing is another tool we use to ensure adherence to our processes and fairness in our reporting.

Internal Assurance Example #1:

2023 Outcome

An Internal Audit Team in our Law and Compliance Department conducts an audit each year of our annual submission to the UN's Principles for Responsible Investment (PRI). The objective of this internal audit is to obtain verification that we accurately and fairly described our ESG-related policies, activities and data. The Internal Audit Team started the process of auditing our most recent PRI submission, once our PRI Assessment and scores were received in December 2023. We received a score of 5/5 stars for the PRI's "Confidence-building Measures" module in our last assessment, which aims to capture the signatory's approach to reviewing and/or verifying the data they reported to the PRI.

We have historically evaluated several options to verify the report, encompassing both internal teams and external vendors. Ultimately, we've continued to agree that using our independent, internal auditor repeatedly provides a timely, cost-effective review that is consistent in quality to an external auditor. The aforementioned audit was successfully completed in early 2024, and no concerns were found with our most recent PRI submission.

Proxy Voting Audit

We completed a proxy voting audit each quarter in 2023 to review our voting exercise rates as well as the vote overrides from our Investment Policy Committee. The results were presented to our Proxy Voting Committee for review. The Committee serves as the control point for all decisions relating to proxy voting. The Committee meets quarterly and as needed to review and analyse proxy voting records provided by our third-party proxy voting service, ISS, with respect to the adequacy and effectiveness of the Proxy Voting Policies and Procedures, and any proposed changes thereto are documented in the meeting minutes and kept in the Committee's records. Results of the proxy audit are discussed in Principle 12.

Internal Assurance Example #2:

2023 Outcome

An Internal Audit Team in our Law and Compliance Department conducts annual audits of stewardship-related activities including our Proxy Voting Policy & Procedures, our Meeting with Issuers and External Parties Operating Procedures, and our Guideline Exception Escalation Operating Procedures.

External Assurance Example:

2023 Outcome

Our Institutional Group uses independent, outside professionals to semi-annually audit and test the suitability and design of our investment management controls and functions, including forensic testing of our Proxy Voting process/services. These audits are included in our System Organisational Control (SOC 1) Report, which is available to our institutional clients upon request.

Our policies are written in consultation with many internal teams before being reviewed by management. Final approval and ongoing monitoring are conducted by our Law and Compliance Department.

PRINCIPLE 6: INVESTMENT APPROACH

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Diverse Client Base, by Geography and Asset Class

As of 31 December 2023, Fl and its subsidiaries, including FIE, managed over £185 billion. This includes over 145,000 private, high net worth clients and institutional assets valued at over £37 billion. Within our Institutional Group, we managed over £13 billion in assets with ESG/SRI guidelines across all our strategies.

Below you will find geographic breakdown of our assets under management:

Region	Firm AUM By Client Domicile (Millions)	Institutional AUM By Client Domicile (Millions)	High Net Worth Client AUM By Client Domicile (Millions)
US	£143,560.5	£12,707.4	£130,853.1
Europe (including UK)	£27,905.1	£14,683.1	£13,222.1
Middle East	£4,063.9	£4,063.0	£0.8
Asia	£7,105.0	£7,097.2	£7.9
Canada	£2,441.6	£1,186.5	£1,255.1
Australia	£480.2	£276.2	£204.0
Latin America	£22.8	£3.9	£19.0
Other*	£96.2	£96.1	£0.1
TOTAL	£185,675.3	£40,113.3	£145,562.0

^{*}Other includes Bermuda, Mauritius, and Uganda. Retail AUM is inclusive of Fisher Investments 401(k) Solutions Group.

Of note, institutional AUM, as referenced in this material, includes separately managed accounts for institutional investors and commingled vehicles which, dependent on vehicle type, may allow for both institutional and retail investors

Below you will find the **asset class** breakdown of our assets under management. For further information on our investment approach and stewardship practices in relation to both Listed Equity and Fixed Income asset classes, please see Principle 7.

Asset Class	Total AUM (Millions)	US (Millions)	Europe & UK (Millions)	Middle East & Asia (Millions)	Other* (Millions)
Equity	£170,985.9	£130,299.3	£26,605.7	£11,168.0	£2,912.8
Fixed	£13,101.7	£11,912.1	£1,080.3	£0.3	£109.0
Cash	£1,587.7	£1,349.1	£219.1	£0.5	£19.00
TOTAL	£185,675.3	£143,560.5	£27,905.1	£11,168.9	£3,040.8

^{*}Other includes Australia, Bermuda, Canada, Latin America, Mauritius, and Uganda.

All assets as of 31/12/2023 are preliminary and subject to final reconciliation of accounts. Pound Sterling asset values were calculated by using the USD-GBP exchange rate as of 31/12/2023. Source: FactSet. Includes all assets managed by Fisher Investments (FI) and sub-managed for its wholly-owned subsidiaries as of 31/12/2023. FI and its subsidiaries consist of four business units – Fisher Investments Institutional Group, Fisher Investments US Private Client Group, Fisher Investments Private Client Group International, and Fisher Investments 401(k) Solutions Group.

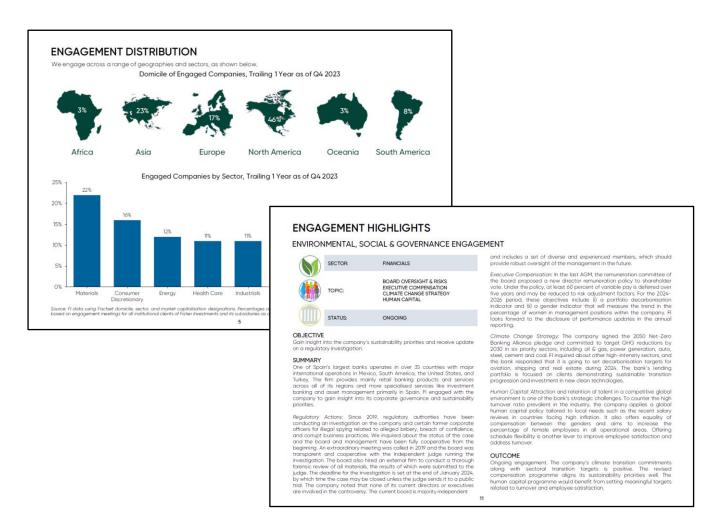
Understanding the Investment Time Horizon

Our investment time horizon is directly linked to the time horizon in which FI evaluate risks. Generally, we seek to invest in companies that we expect to perform well for at least the current portion of the market cycle. This can be anywhere from several months to several years. Because equity markets discount future risks rather than waiting for actual events to occur, we also consider future risks beyond our time horizon. The degree of anticipation required depends on the risk in question. Our Relationship Managers work extensively with our clients to ensure our investment time horizon is appropriate for their needs.

Through our top-down investment approach, we take a high conviction, low turnover view to the investment time horizon. We expect portfolio turnover to average approximately 25% per year over a full market cycle, with higher turnover in periods when we make major strategic shifts. Short-term market conditions are unlikely to change our fundamental outlook. If medium to longer-term changes in market conditions are anticipated, such as a prolonged bear market, then periods of higher turnover would occur, reflecting fundamentally driven repositioning of portfolios. This style of portfolio reconfiguration is indicative of our aim to maintain successful investment strategies in the long-term.

Client Views, Input, and Communication

Our straightforward client service approach allows clients to determine their preferred level of service. This is done by directly, and proactively engaging, with new clients to understand their requirements and preferences at the onset of a relationship, and by continually gauging our level of service during in regular meetings thereafter. In general, our client service communications include proactively scheduling quarterly calls/in-person meetings, providing portfolio reviews, detailing portfolio posture and capital markets outlook, communicating with investment consultants, and coordinating resources on the client's behalf based on individual needs. Our client communications include a suite of customised portfolio reporting, including a variety ESG reporting, provided at a cadence determined by the client. In addition to monthly, quarterly and annual reporting, we regularly provide custom and ad-hoc reports when requested by clients, and where we believe reporting may enhance the client's understanding of how we are managing their assets. Portfolio reporting generally includes information such as performance and attribution, portfolio weights, transaction details, valuations and engagement reports. Please find snapshots of our engagement reporting below:



We encourage our institutional clients to consider our resources as an extension of their own organisation, and this includes assisting with their stewardship objectives. Our actions include using client co-engagement, which allows us to conduct engagement alongside our clients or invite clients to request that we engage a company on their behalf. This collaboration also allows our clients to experience first-hand how our engagements can lead to outcomes. We facilitate the engagement by conducting all the background research, handling meeting logistics and leading the dialogue. Clients select the company(ies) to engage and choose the level of participation that suits their needs – either as a Signatory or an Active Participant. In instances where our clients vote their own proxies but have questions about a particular vote, we evaluate the item and provide a detailed assessment for their consideration.

Client Feedback

Below are recent examples from 2023 encompassing how we have listened to our client's views and taken action accordingly. Please note, we do not utilise external managers in any capacity.

Client Feedback Example #1: We seek to provide clear and constant communication channels to our clients. Through these open lines of communication, we aim to learn about client views, especially in the continuously evolving space of responsible investing. Through these ongoing conversations, we have the opportunity to take account of our clients' current (or future) wants and needs and immediately take action.

2023 Outcomes

In October 2023, we worked together with our client to review the appropriateness of their ESG portfolio exclusion list against generally accepted ESG standards. Following review with our ESG team, they updated their exclusion list to reflect the advice we provided. Going forward, our ESG engagement will act as the final data point that the client will use before deciding on exclusion of any particular stock from their holdings list - a huge compliment to how they value our process and are able to leverage our research and ESG capabilities.

In October 2023, our client asked that we create an ESG strategy presentation for their two non-ESG portfolios (US Equity and Emerging Markets Equity), as they are focused on improving their exposure to climate change and Net Zero Asset Manager Initiatives. They requested our proposal for transitioning these two portfolios to being more ESG aligned. FI's Vice President of Responsible Investment built a model ESG deck to outline the client's current portfolio and how we would implement an ESG version of those strategies. The client was very appreciative of our work and ability to demonstrate the changes they could make in their portfolio.

Client Feedback Example #2: Asset owners are increasingly interested in understanding the real-world outcomes of their investments. FI specialises in client co-engagements – a collaboration allowing clients to experience first-hand how corporate engagement can lead to positive outcomes. In co-engagement, clients partner with FI to determine which relevant ESG issues they are most interested in engaging on and use this to identify specific companies in their portfolio as engagement targets. FI facilitates the engagements by conducting background research, handling meeting logistics and leading the dialogue.

2023 Outcome

We received positive feedback from multiple clients on the quality of our co-engagement efforts. One European client asked FI to begin running engagements on the client's behalf and another noted that FI's work was on par with the client's third-party engagement service provider.

Client Feedback Example #3: In late 2022, we completely overhauled our stewardship materials after receiving feedback that our disclosures had not kept pace with our increasing capabilities.

2023 Outcome

The new materials clearly describe our engagement process, metrics and provide stewardship examples. Clients are appreciative, and it substantially contributed to an upgraded ESG rating we received from one client in 2023.

Client Feedback Example #4: In the rapidly growing responsible investing and stewardship spaces, we believe it is incredibly important to provide opportunities for education not only to our immediate client stakeholders, but to a larger investment base as well. We aim to provide these educational opportunities across many different mediums, such as virtual webinars, forums, in-person meetings, conferences, etc.

2023 Outcome

FI's VP of Investor Responsibility & Engagement met with our client's ESG team and provided an overview of Fisher's ESG activities to illustrate how we can support them in their own ESG goals. The client team was grateful for the collaboration between teams. They feel that the best way to remain aligned on ESG strategies is to maintain open lines of communication around the portfolio and the everchanging ESG landscape. The client hopes this paves a path for future co-engagement opportunities.

Client Feedback Example #5: Responsible investment is growing rapidly, and some institutional clients have expressed a want for additional ESG verification standards. To address their feedback and to ensure our strategies meet our clients' expectations, we began pursuing eco-label certifications for a select number of our strategies in 2020. The application process includes examination by an external auditor to ensure the strategy meets an eco-label's strict criteria. In order to remain certified, we must pass periodic audits throughout the year, and complete an annual re-certification audit. Please note, we continue to evaluate these opportunities and may no longer pursue if we find restraints on the portfolio universe too limiting for our investment process.

2023 Outcome

To ensure our strategies meet our clients' expectations, we are actively pursuing eco-label certification for a select number of our funds/strategies. The application process includes examination by an external auditor to ensure a financial product meets the label's strict criteria.

We achieved the Austrian Osterrichisches Umweltzeichen (Eco-Label UZ 49) certification for the Fisher Investments Institutional Emerging Markets Responsible Equity ex-Fossil Fuels Fund⁷ in 2020, and have maintained that status through 2023. In addition, we successfully pursued and attained this eco-label for an additional Fund in 2023.

We achieved the Belgium 'Towards Sustainability' label certification for the Fisher Investments Institutional US All Cap ESG Fund and the Fisher Investments Institutional Emerging Markets Responsible Equity ex-Fossil Fuels Fund in 2021 and have maintained that status through 2023. Further, this ecolabel adopted enhanced standards for their signatories in 2022 and both of our Funds successfully met the new standards.

In addition to regular, proactive communication with clients, we conduct structured client surveys to ask about their experience and how we might serve them better. Clients surveyed consistently indicate our service exceeds their expectations due to our frequency of contact, research provided, and service minded relationship managers.

Stewardship Communications

Client feedback is an integral part of our business practices; it informs our stewardship activities and helps ensure that our activities align with our clients' priorities. We conduct customised meetings and/or provide written presentations, which are tailored to a client's interests and topics of preference. Further, we provide a range of standard and custom ESG reports to our clients in order to communicate progress of managing assets in alignment with their stewardship goals.

Below are examples of the types of reports we provide, frequency, and information included in the reports:

- Quarterly Engagement Reports featuring engagement metrics and case studies. Clients are able to see the companies engaged, a summary of the discussion, and any milestones achieved.
- Quarterly Proxy Voting Reports that disclose our voting activity by geography, by issue and by percentage of votes against management.
- Custom Reports: In addition to customised engagement and proxy voting reports, we provide ESG Score Reports, Carbon Footprint Reports, Impact Reporting and ESG Attribution Analysis versus the benchmark.
- Quarterly Review featuring in-depth global market outlook commentary.

Based on client need, we are able to provide the aforementioned reporting on the frequency best suited to our clients' requirements (e.g., monthly, semi-annually, annually, etc.).

PRINCIPLE 7: INVESTMENT APPROACH

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Since the inception of FI's first investment strategies in the 1990's, FI has qualitatively reviewed non-financial ESG factors alongside financial data on companies. Such considerations are an important element in contributing toward investment returns and an effective risk-mitigation technique. As we have grown, financially material ESG factor integration has taken an increasingly prominent role in FI's fundamental investment analysis from both a bottom-up and top-down perspective. FI takes a client-centric approach to Responsible Investments (RI) and is dedicated to continuously improving our responsible investment capabilities and offerings to meet and exceed ESG clients' expectations.

Specifically, within ESG portfolios, we believe ESG investors are best served by a multi-faceted approach to ESG integration. Consistent with our overall investment process, we believe the most robust ESG portfolios result from considering both top-down and bottom-up Sustainability and ESG factors, establishing minimum ESG standards for the investment universe, setting portfolio targets for items such as carbon reduction or ESG scores, voting proxies consistent with our ESG clients' goals, and engaging with companies in areas in line with our clients' ESG priorities.

Our research efforts are also aligned with our clients' ESG goals. ESG factors are among the many drivers considered by FI's Capital Markets Analysts (responsible for top-down research), Securities Analysts (bottom-up research), Capital Markets Innovation Analysts (statistical research), Portfolio Engineers (strategy oversight), and Investment Policy Committee. Further, where appropriate, our responsible investment activities are integrated into several of our teams, including the Responsible Investments and Investor Responsibility and Engagement teams, and the Client Guidelines and Assurance team.

Top-Down ESG Investment Process

Sustainability Risks and financially material ESG factors are among the many drivers considered by FI's Capital Markets Analysts and FI's Investment Policy Committee (IPC) when developing country (where applicable), sector and thematic preferences. Environmental regulation, social policy, economic and market reforms, labour, and human rights are among ESG factors considered, as relevant, when determining country (where applicable) and sector/industry allocations and shaping an initial prospect list of portfolio positions.

FI's Capital Markets Analysts monitor how ESG factors may affect high-level portfolio themes when relevant. For example, FI may monitor key social policies driving wealth creation and economic growth, including, but not limited to infrastructure investment, tax policy, free trade, property, human and labour rights, and government reform. Political factors affecting these social policies are integral to the top-down analysis, allowing us to be cognisant of the regulatory risk surrounding the ESG environment. Further, our Research Analysts monitor responsible investments thematic opportunities and risks deemed material to returns. Environmental thematic opportunities include, but are not limited to, those related to the global low carbon transition (e.g., energy efficiency, alternative energy, electrical vehicle trends,

green building and sustainable water). Environmental thematic risks include those related to thermal coal power, resource extraction (e.g., labour strikes and resource nationalisation) and litigation tied to environmental impact. Similarly, social thematic opportunities are considered, including education, shifting consumer preferences (e.g., healthy eating, e-commerce) and poverty trends (e.g., basic needs, infrastructure development).

The IPC, with the assistance of our Securities Analysts, Capital Markets Analysts, and Fixed Income Analysts, determines the materiality of the ESG considerations based on the exposure among publicly-traded companies in these categories. Higher materiality could imply larger ESG-related risks or opportunities which may influence country (where applicable) and sector/industry weight preferences, as well as individual security selection.

Bottom-Up ESG Integration

Securities Analysts perform fundamental research on prospective investments to identify securities with strategic attributes consistent with the firm's top-down views, and competitive advantages relative to their defined peer group. The fundamental research process involves reviewing and evaluating a comprehensive set of qualitative and quantitative data, including financially material ESG factors, prior to purchasing a security. Factors considered in portfolios when relevant include, but are not limited to shareholder concentration, environmental opportunities and liabilities, and human and labour rights controversies. Generally, FI would choose not to invest in companies when, in its opinion, security level issues:

- Violate a client's mandated ESG policy, or
- Present an inordinate risk to a company's operational or financial performance, or
- Appear to present undue headline risk to share price performance.

Securities Analysts monitor existing holdings as part of the ongoing research process and elevate material ESG-related risks or opportunities at the company level. Each Capital Markets and Securities Analyst has access to a suite of tools from MSCI ESG Research used to assist in identifying opportunities, risks and controversies at the company level. Additionally, Analysts utilise various resources from MSCI ESG Research, Sustainalytics, ISS, Bloomberg, and FactSet to monitor holdings and comply with applicable ESG guidelines.

A material contribution of our relative performance derives from country (where applicable), sector/industry, style and thematic decisions. As such, we do not expect client directed security-level ESG restrictions or preferences to materially impact expected risk or return characteristics of the strategies, relative to the benchmark over a market cycle. We believe our ESG-related research capabilities can help enhance portfolio relative performance, particularly by reducing exposure to countries, industries, and securities that may underperform as a result of their negative ESG risks.

Integration across Geographies, Asset Classes, and Funds

Our integration of ESG considerations in the investment process is overseen by the IPC, who collaborate closely with our Portfolio Engineers to ensure themes and considerations are best reflected in each strategy. Integration is generally consistently applied across geographies, asset classes, and financial products (i.e., funds, separate accounts).

Geographic

In the application of ESG integration, when geographic differences occur, they are driven primarily by differences in local, regional or country (where applicable) business norms/regulations and by the observation that certain ESG risks may be more material in some geographies. For example, a one-size-fits-all approach may not be either appropriate or possible given the dispersion in non-financial data reporting practices between Emerging and Developed markets companies.

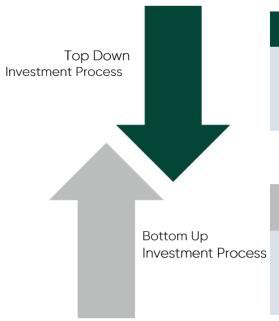
<u>Asset Classes (i.e., Fixed Income)</u>

From an asset class perspective, the detailed description of our process above is primarily relevant to our management of listed equities (which accounts for the vast majority of assets under management at FI). ESG integration also occurs during our fixed income investment process, however the majority of our fixed income assets are managed in pooled vehicles such as ETFs. FI selects fixed income investments (primarily ETFs) to be included that are consistent with FI's market views about country, sector, industry, duration, yield curve, and credit quality positioning and are most likely to generate the highest expected returns and to control risk relative to the benchmark. As part of the initial and on-going due diligence process, when considering investments, FI focuses on information including but not limited to, a fixed income ETF's benchmark, it's underlying holdings and the degree to which the characteristics of the investment are aligned with FI's market views. Weights to fixed income ETFs in individual portfolios may also be influenced by the assessment of financially material ESG risks and opportunities as derived from the research group's assessment more broadly. Over time, we expect our business to evolve towards management of fixed income strategies with an ESG focus that use individual securities. In such strategies we seek ways to integrate ESG considerations in a manner more consistent with our ESG integration in listed equity strategies.

Financial Products (i.e., Funds, Separate Accounts)

Within the financial products that we offer, while the integration of financially material ESG considerations is consistent, we offer many different responsible investment strategies with varying non-financial sustainability characteristics (i.e., differing screens, sustainability objectives, and carbon reduction objectives) versus others. The varied interests of our clients, benchmark preferences, and client-provided responsible investment policies primarily drive these differences in our financial products.

ESG Application



ESG issues are considered when developing country, sector and thematic preferences

- Environmental regulation
- Social policy
- · Economic and market reforms
- Labour and human rights

The process involves reviewing and evaluating a range of ESG factors prior to purchasing a security:

- Shareholder concentration
- Corporate stewardship
- Environmental opportunities and liabilities
- Labour and human rights controversies

ESG Minimum Standards

For separate accounts, within our ESG strategies, we are able to refine prospective security lists further by applying ESG minimum standards (mechanical ESG screens) to the list of prospective securities, using clients' custom restrictions lists, MSCI ESG Research, and other data sources. Below is a sample of mechanical screens that can be incorporated. Ultimately, we work closely with each client to establish a bespoke restriction list aligned with their preferences.

ESG Capabilities

SAMPLING OF AVAILABLE MECHANICAL SCREENS

DEFENSE AND WEAPONS

- · Biological/chemical
- Conventional
- Depleted uranium weapons production
- · Nuclear
- · Civilian firearms
- Cluster munitions (any ties)
- · Landmines (any ties)

BUSINESS ACTIVITIES

- · Adult entertainment
- Alcohol/gambling/ tobacco
- Child labour controversy
- · Genetic engineering
- · Animal welfare
- Thermal coal extraction & power generation

GLOBAL SANCTIONS

- US Office of Foreign Asset Control (OFAC)
- · EU sanctioned entities
- Canada's Special Economic Measures Act (SEMA)
- Australian Department of Foreign Affairs and Trade (DFAT)

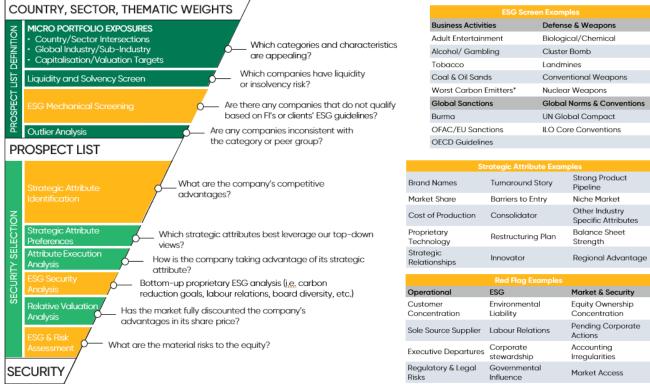
GLOBAL NORMS AND CONVENTIONS

- UN Global Compact
- · ILO core conventions
- ESG Controversies
- The Norwegian Global Pension Fund restriction
 list

The following graphic displays our prospect list definition and security selection progression (including country level integrated analysis):

Prospect List Definition and Security Selection





The equity selection process presented herein is for illustrative purposes only and is not comprehensive. It should not be assumed that it represents, on its own, the sole method used by Fisher Investments to make investment recommendations and is only a reflection of our investment process capabilities. Other techniques may produce different results, and the results for individual clients and for different periods may vary depending on market conditions and the composition of their portfolios. The degree of ESC related consideration and integration throughout the process will vary by strategy and investor preferences. *We can apply the Worst Carbon Emitters Screen to our (ESG) investment strategies. However, as we may not correct Worst Carbon Emitter Screen breaches for up to 90 days after identification, it will not be considered a binding term in jurisdictions that require corrective action to be taken sooner.

Based on this analysis, the IPC selects securities. The IPC applies risk management controls to help ensure securities selected appropriately correlate to their respective countries (where applicable) and sectors/industries to increase the possibility of benefitting from our established top-down themes. Further, risk management controls identify unintended risk concentrations in the security selection process, and performance attribution is regularly monitored to confirm alpha is derived from intended sources.

Service Provider Instruction

Our Client Guidelines and Assurance team (CGA) is responsible for ensuring that our ESG data providers such as MSCI ESG Research have received clear instruction and criteria necessary for supporting ESG-

related screens. More generally CGA is responsible for the daily monitoring of any holdings violating a client's (or FI's own) restrictions before and after purchase of the position, such as revenue generation in specific industries (gambling, weapons, alcohol, tobacco, etc.), utilising various resources from MSCI ESG Research and Charles River Investment Management Solution (CRIMS). Any violations or potential violations are elevated to the IPC for review. Please see Principle 8 for more information on service provider and ESG data monitoring.

ESG Stewardship & Integration Examples

We believe ESG investors are best served by a multi-faceted approach to ESG integration. Consistent with our overall investment process, we believe the most robust ESG portfolios result from considering both top-down and bottom-up Sustainability and ESG factors, establishing minimum ESG standards for the investment universe, setting portfolio targets for items such as carbon reduction or ESG scores, voting proxies consistent with our ESG clients' goals, and engaging with companies in areas in line with our clients' ESG priorities. Our research efforts are also aligned with our clients' ESG goals.

Stewardship Integration in FI's Investment Process

Stewardship enhances our ESG Integration process.

- (Engagement) The IR&E Team and the Securities Analysts collaborate on corporate engagement. The teams maintain open lines of communication when discussing a company's ESG risks and opportunities.
- (Engagement) Often, the teams conduct engagements jointly. Post engagement, IR&E provides notes and observations to the analyst.
- (Proxy Voting) Securities Operations is notified if an engagement discussion relates to proxy voting.

INVESTOR
RESPONSIBILITY &
ENGAGEMENT

SECURITIES ANALYSTS

SECURITIES OPERATIONS

INVESTMENT POLICY COMMITTEE

- (Engagement) Information uncovered during engagement is incorporated into our fundamental analysis.
- (Investment Process) Securities Analysts share their analysis with the Investment Policy Committee, who takes it into consideration when making investment decisions.
- (Proxy Voting) Proxy votes may be elevated by Securities Operations, IR&E or the Securities Analysts. The Securities Analysts will provide the IPC with analysis and recommendations. The IPC will determine if a deviation from the proxy voting guideline is warranted.

INVESTMENT POLICY COMMITTEE

 (Investment Process) Securities Analysts share their analysis with the Investment Policy Committee, who takes it into consideration when making investment decisions.

INVESTOR RESPONSIBILITY & ENGAGEMENT

- (Engagement) The IR&E Team and Securities Analysts collaborate on corporate engagement, maintaining open lines of communication when discussing a company's ESG risks and opportunities.
- (Engagement) Often, the teams conduct engagements jointly. Post engagement, IR&E provides notes and observations to the analyst.



SECURITIES ANALYSTS

SECURITIES OPERATIONS

- (Engagement) Securities Analysts incorporate information uncovered during engagement into fundamental analysis, if appropriate.
- (Proxy Voting) Proxy votes may be identified for elevation by Securities Operations, IR&E or the Securities Analysts. The Securities Analysts provide the IPC with analysis and recommendations. The IPC determine if a deviation from the proxy voting guideline is warranted.

Please find below examples of how the Fisher Group's stewardship and ESG analysis influenced our decision-making process, along with their respective outcomes:

ESG Stewardship Integration Example #1:

2023 Outcome

We met with a US bank to discuss its advisory vote on executive compensation. Our proxy advisor had issued "cautious support" for several years and indicated that pay-performance misalignment was the deciding factor in the new recommendation to vote against management. We learned that the recommendation was based on prior year's data for the comparison, which we viewed as a meaningful discrepancy. We received the information we needed to cast our vote, and the company welcomed the additional feedback we provided on the short-term compensation plan.

ESG Analysis Integration Example #1:

2023 Outcome

In 2022, FI sold a diversified industrial conglomerate to further improve our counterstrategy's effectiveness by selling lower-quality holdings that aren't acting like their industry or sector in favour of others we think better demonstrate those categories' traits. Throughout 2023, we continued to monitor this company and its involvement in two multi-billion-dollar lawsuits tied to alleged hearing loss due to faulty earplugs, as well as contamination of public drinking water with PFAS (forever chemicals). The lack of progress in the company's legal issues has caused negative sentiment to weigh on the stock's performance. Coupled with consumer spending's shift away from goods and towards services, we chose to exit the position due to deteriorating fundamentals (stemming from ESG issues) and to fund purchases that bolster our counterstrategy in other sectors.

ESG Analysis Integration Example #2:

2023 Outcome

In 2023, FI purchased additional shares of a US-based water management solutions provider, to better position portfolios for a market rebound by increasing exposure to stocks we believe have been unduly punished in the downturn and have a high probability of outperforming as the market recovers. The company provides exposure to value characteristics, while offering higher quality characteristics such as operating margin and leverage compared to industry peers. The company is well-positioned to benefit from reaccelerating economic growth and strength across its end-markets including construction and durable infrastructure systems for both public and private water utilities within utilities. The company has favourable impact attributes given its products resolve water supply challenges and reduce energy consumption allowing the company to capitalise on the growing demand for sustainable water solutions and making it an industry leader among its peers. The company continues to develop innovative water and wastewater treatment products including smart-metering technology as well as UV and Ozone products to treat wastewater to provide reusable water for both potable and non-potable purposes, supporting the 2025 goal of treating 13 billion cubic meters of water for reuse.

ESG Analysis Integration Example #3:

2023 Outcome

In 2023, FI purchased one of the largest banks in Indonesia, to increase exposure to categories that we believe are primed to participate in a new bull market's initial rebound. Relative to the other large bank peers, the company is the leader in loans outstanding to micro and small customers, which represent approximately 55% of its loan book as of Q1 2024—well above the regulatory minimum. Additionally, the company has placed significant efforts in analysing micro customer resiliency during the pandemic and it projects continued economic growth and double-digit micro loan growth in 2023. Through digital channels and via subsidiaries, the company's leadership in the micro and ultra-micro business is prone to continued improvement and expansion, reiterating its market position and social initiatives. Despite continued improvement in recent years, Indonesia's population remains

meaningfully underbanked. According to 2021 World Bank data, roughly 100 million Indonesians do not possess bank accounts, about half of the country's eligible population. The company's continued focus on micro and small customers helps support underbanked and underserved Indonesian customers. As a leading provider of microloans and small business loans in Indonesia, we believe the company is well positioned to benefit from strong loan growth as credit penetration continues to rise in Indonesia and domestic economic growth proves better than feared.

PRINCIPLE 8: INVESTMENT APPROACH

Signatories monitor and hold to account managers and/or service providers.

Overall Service Provider Monitoring

Company management, with the assistance of the Law and Compliance Department, oversee relationships with critical third parties. All vendors, including our stewardship-related service providers – i.e., those providing proxy-related services and ESG data – are reviewed to determine if they should be categorised as a Critical Third-Party Service Provider (TPSP). All TPSPs undergo a thorough review prior to executing or renewing any contract. This includes an assessment of recovery procedures to ensure that a disruption to critical third-party operations does not impact our ability to perform critical business processes. Critical TPSPs provide extensive information during the formal review process. TPSPs are required to inform us of any material changes the impact the third party's ability to meet its contract terms.

We also maintain a Vendor Oversight Committee (VOC) responsible for deciding 1) which vendors require additional oversight and 2) how we fulfil our obligation to oversee vendors. Each business unit completes and maintains a Vendor Assessment Form for its critical vendors. The Form identifies the control issues associated with each critical vendor. Relevant controls assessed include, but are not limited to access to our data, access to restricted, confidential or highly confidential information and other factors. The VOC reviews these assessments and works with the business unit to determine a due diligence plan for each Critical Vendor.

Stewardship Service Provider Monitoring

Proxy Voting Service Providers

FI's Proxy Voting Committee oversees all aspects of Proxy Voting and serves as the control point for all decisions relating to Proxy Voting. The members of the Proxy Voting Committee include a member of the IPC, the Securities Operations Team Leader, the Securities Research Team Leader, the Executive Vice President (EVP) of Portfolio Management, the Senior Vice President (SVP) of Portfolio Management, and the Group Vice President (GVP) of Investment Operations. The Global Chief Compliance Officer (GCCO) is a non-voting member.

The Committee meets quarterly and as needed to review and analyse proxy voting records provided by our third-party proxy voting service, Institutional Shareholder Services (ISS), with respect to the adequacy and effectiveness of our Proxy Voting Policies and Procedures. Any subsequent proposed changes are documented in the meeting minutes and kept in the Committee's records.

The Committee conducts an annual due diligence analysis on ISS, which includes a review of ISS' SSAE-16 audit report, and an annual meeting with ISS to review any pertinent procedural updates or changes to their proxy voting guidelines. Furthermore, Committee members perform an annual review of the proxy

voting recommendations of select strategies to ensure ISS recommendations are in line with our overall voting guidelines.

2023 Outcomes

FI conducts an annual review of ISS. The most recent annual review was completed in Q3 2023, and we learned that ISS recommendations were in line with FI preferences and noted no significant changes to ISS guidelines. For the 2023 reporting period, the annual review will be completed in Q3 of 2024.

In 2023, we participated in the annual survey for ISS Consultation and provided feedback on proposed changes to the 2024 proxy guidelines.

Engagement Service Provider

FI contracts with ISS ESG's Collaborative Engagement Service (ISS CE) to increase the IR&E team's capacity to conduct norms-based engagements, such as those related to alleged violations of the UN Global Compact. We receive quarterly progress reports from ISS ESG, which we use as a tool to assess the vendor's effectiveness.

2023 Outcome

FI reviewed ISS ESG's engagements with companies held in our portfolio and found no material concerns. The relationship was renewed.

ESG Data Providers

FI makes wide use of data from multiple data services providers, including ESG data from MSCI ESG Research and Sustainalytics. This ESG data may be used in the investment decision making process as well as in client guideline monitoring and reporting. The Client Guidelines and Assurance team (CGA) is responsible for ensuring our ESG data providers such as MSCI ESG Research have received clear instruction and criteria necessary for supporting ESG-related screens. More generally, CGA is responsible for the daily monitoring of any holdings violating an institutional client's restrictions, FI's own restrictions, and international sanctions lists before and after purchase of the position. For example, this may include monitoring revenue generation in specific industries (gambling, weapons, alcohol, tobacco, thermal coal etc.) utilising various resources from MSCI ESG Research and CRIMS.). Any violations or potential violations are elevated to the IPC for review.

2023 Outcome

In 2023, we expanded our relationship with MSCI increasing both the number of data users and the locations in which the data was available to MSCI ESG EU Sustainable Finance data for management and reporting. This expansion allows more users in more FI office location access to information regarding portfolio alignment with the EU Taxonomy and Sustainable Finance Disclosure Regulation (SFDR) to be used in portfolio management and reporting.

Monitoring of ESG data providers occurs annually, on contract renewal dates, and ad hoc. ESG data providers are assessed on the timeliness, responsiveness, and accuracy of the information that they deliver to the investment management and CGA teams.

The investment management industry relies heavily on third party ESG data providers for accurate and timely information. Data provider's figures are not infallible and require managers to actively engage when errors or methodological breakdowns occur. In the following cases, Fl's engagement with its primary data provider benefited not only our clients, but also any industry participant using these company's ESG data.

2023 Outcomes

As part of ongoing monitoring, FI reviews the emissions data of ESG portfolios. During a periodic review, FI noticed the scope 1+2 carbon intensity data reported by our ESG data provider for a Chinese-based Software holding increased dramatically in March 2023. Upon reaching out to our ESG data provider to inquire about the drastic change, the ESG data provider confirmed that the change in the company's carbon intensity was a result of the shift from Estimated Scope 1+2 emissions to Reported Scope 1+2 emissions. The ESG data provider acknowledged this change and the updated figures, which allowed FI's Research teams to appropriately update and disclose the emissions data on our end.

In March 2023, FI received an inquiry from one of our European-based clients regarding the potential nuclear weapons exposure of a US-based Aerospace & Defence holding. Specifically, our client believed the exposure was indirectly stemming from a wholly-owned subsidiary of the US company, however, current BISR data suggested that no such relationship existed. Upon reaching out to our ESG data provider to conduct further research, the data provider confirmed that nuclear weapon exposure stemming from sub-components of a parent company (i.e. products or services that are handled by a wholly-owned subsidiary) are not included in their methodology for nuclear weapons.

In September 2023, FI noticed that the Sustainable Impact data from our ESG data provider for a US-based homebuilding holding was significantly outdated. Upon notifying the data provider of the outdated data, they began the process of updating the data and determining why the data was not updated in a timely manner.

PRINCIPLE 9: ENGAGEMENT

Signatories engage with issuers to maintain or enhance the value of assets.

Corporate engagement is an important tool to ensure the companies we invest in are appropriately managing relevant ESG issues, and to support our clients in achieving their own stewardship objectives.

Consistent with our objective to increase corporate engagement activities (as described in Principle 1), FI holds meetings with management as necessary to discuss issues we feel are pertinent to analysing the company or better understanding peers or relevant industry factors. Information uncovered during engagement is incorporated into our fundamental analysis. We have dedicated staff that work to identify ESG risks and opportunities, and conducts engagement with companies.

Our Engagement Policy, posted to our <u>website</u>, describes how we identify and prioritise engagement opportunities, our approach to collaborative engagements, how we manage conflicts of interest, and our Proxy Voting Policy.

Dedicated Engagement Specialists

In 2019, we established the Investor Responsibility and Engagement (IR&E) team to strengthen our ESG corporate engagement programme. In 2023, this team continued to lead our ESG engagement work, collaborating closely with the Research Analysts on engagement opportunities and further facilitating ESG integration into the investment process. The team has grown to four members in 2023, with a fifth member confirmed to join in early 2024.

We report our activities publicly and to our clients each quarter, as described in Principle 6.

2023 Outcome

In 2023, we increased the number of companies engaged 13.8% over the previous year.

In 2023, we initiated the process of developing our fixed income engagement programme and continue to develop our capabilities in this area.

Engagement Focus Areas

We prioritise multiple factors in each ESG category, as detailed in the following table.

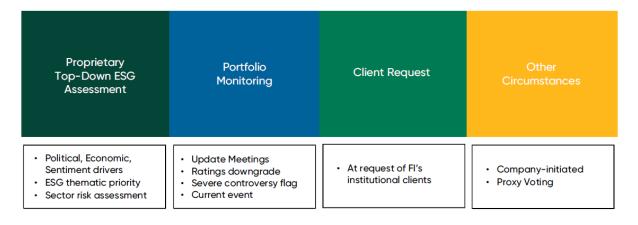
	Environmental	Social	Governance
Engagement Priorities 2022 – Current	Climate Risk Biodiversity	Human Rights Human Capital	Executive Compensation Proxy Voting
Additional Engagement Topics	Pollution & Waste Water Stewardship Environmental Opportunities	Labour Relations Social Impact Product Liability	Board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

Within our focus areas, many of our engagement opportunities are identified by utilising a combination of top-down quantitative and qualitative information to generate focus lists. The lists are further vetted based on bottom-up company research, which includes reviewing company financial and sustainability disclosures, analysis from our ESG research providers, research from responsible investment network partners and relevant non-governmental organisation (NGO) reports. Conducting peer analysis of ESG leaders and laggards highlights potential gaps in disclosure or performance for the candidate company.

In addition to our primary engagement approach, we monitor our holdings on an ongoing basis and consider engagement whenever concerns arise related to a company's business.

To summarise, engagements may be considered when:

- We utilise our top-down process based on issue, geography, sector or strategy.
- Our third party ESG ratings provider significantly downgrades a company's rating.
- A company's activity results in it being assigned a red flag (severe controversy.)
- We decide against buying a security in an ESG portfolio for ESG-related reasons.
- The company no longer complies with our ESG screens.
- The company has salient environment, social and/or governance issues.
- We seek to learn more about an upcoming proxy vote.
- At the request of an institutional client.



Thematic Engagement Focus

FI believes its top-down approach is well suited to ESG integration and effective stewardship of macro issues such as climate change, biodiversity or human rights violations. Because financial markets do not properly value the risks and opportunities associated with such macro issues, FI believes corporate engagement is a powerful tool for investors to address these portfolio-wide, interconnected risks.

We continued our focus on biodiversity topics in our 2023 corporate engagements, initiating engagements on issues such as land degradation, deforestation, water stewardship, and pollution & waste.

After assessing our 2022 engagements, we determined that an untapped area of FI's engagements was the consumer staples sector. Following this assessment, we learned that waste management was a relevant topic for companies in the sector. After generating a list of companies and conducting company-specific bottom-up research, we conducted engagements with three companies from the consumer staples sector on waste management topics, including plastics & packaging and post-consumer use. After learning that these companies derive substantial amounts of revenue from products with high packaging contents, we were able to construct appropriate engagement objectives and provide valuable feedback in order to potentially improve each company's waste management practices.

Developing Well-Informed and Precise Objectives

Our engagement selection methodology described above produces insights that shape the engagement objectives. The review of a company's ESG strategy, performance and disclosures can be compared to peers within its sector, region and size, to further understand the company's relative positioning. This analysis can highlight specific gaps in areas including but not limited to:

- ESG strategy;
- ESG policy;
- Disclosure of and performance of engagement activities.

The gaps identified are the basis of the objectives of an engagement. Once the objective is identified, we initiate engagement and monitor progress over time. Common objectives are gathering information, improving ESG disclosure, urging the company to establish a policy for a salient ESG issue, or setting targets/strengthening performance on a particular ESG issue. When conducting engagements related to climate issues, we consider both direct and transition risks and opportunities on our holdings. During the reporting period climate was our largest engagement topic.

Setting Engagement Objectives Example #1:

FI met with a South American retailer in Q1 2023 to seek an update on the company's sustainability program. In our first meeting (Q1 2022), we reviewed the company's disclosures compared to peers and established an objective to encourage it to disclose both absolute and relative GHG emissions. The relevance of the objective was reinforced after the company reported that its emissions had increased

due to business growth that was outpacing its existing emissions reduction programmes. In our view, this demonstrated the benefit of switching from partial, estimated data to actual absolute and relative emissions data that would allow the company to better manage its emissions. In Q4, the company enhanced its reporting by disclosing both absolute and relative GHG emissions, achieving a notable milestone in the engagement.

Setting Engagement Objectives Example #2:

FI is a signatory to CDP's Climate, Forest and Water programmes. Annually, CDP identifies high-priority companies for its Non-Disclosure Campaign and asks its signatories to engage companies on the list. We reviewed the list against our holdings, and selected companies after confirming the relevance of the disclosure to the companies' operations. For these engagements, the objective is to persuade the companies to voluntarily report using CDP's standardised questionnaires.

Please find below a sample engagement timeline, based on a recent multi-year engagement with a US Energy company.

Engagement Timeline Example

Purchased US energy

ENVIRONMENTAL & GOVERNANCE ENGAGEMENT- ONGOING

Company set new Scope 1 & 2 GHG emissions reduction targets and released its first climate lobbying report.

A shareholder proposal requesting Scope 3 emissions reduction targets passed with majority support.

Suggested setting Scope 3 GHG targets and joining Oil & Gas Methane Partnership (OGMP 2.0).

As part of its Energy Transition Plan, the company acquired a renewable fuels producer for \$3.1 bn and a methane-related shareholder proposal passed with board support. FI met with the company's General Manager of ESG Engagement and others to discuss the company's business strategy related to climate and capex allocation to low-carbon

company in Global Equity Strategy solutions. Q2 2018 Q2 & Q3 2020 Q2 2021 Q3 & Q4 2021 Q1 & Q2 2022 Q4 2022 Q2 2023 Q2: Initiated engagement FI met with two Q3: The company with General Manager of revealed its Energy ESG Engagement. Transition Plan, featuring encourage setting ambitious GHG a \$10bn commitment by Discussed the company's reduction targets and 2028 to stake out a strategy to manage participation in OGMP 2.0. competitive position in climate-related business biofuels, hydrogen and risk, Suggested stronger carbon capture GHG reduction targets. Company published methane report. Q4: FI met with two Q3: Company agreed to

directors regarding the

shareholder proposals

board's response to

OBJECTIVES

investors' request to meet

with the CEO (held in Q4).

FI engaged a US energy company with other investors to encourage:

- aligning the company's greenhouse emissions with a globally established target
- strengthening its governance
- providing investors with sufficient climate-related financial disclosures.

OUTCOMES

- Established, and later strengthened, Scope 1 and Scope 2 emissions reduction targets.
- Published a new climate impact report, climate lobbying report, and methane management report.
- Disclosed a large-scale energy transition plan that allows for revenue growth while targeting solutions to hard-todecarbonise segments such as aviation and heavy transport. Also acquired a renewable fuels company.

Assessing Engagement Outcomes

Following an engagement, we assess progress against the objective(s) and follow-up as needed. We also monitor company progress over time. Some engagements are concluded after a single phone call while others last years. We assess our effectiveness based on the objective. In addition to FI's standard engagements, we also participate in the annual CDP Non-Disclosure campaign, a collaborative initiative that encourages companies to report environmental data using one or more of CDP's questionnaires (Climate, Water, Forests). CDP engagements are assessed as "objective achieved" or "unsuccessful".



^{*} Not all engagements will lead to a successful outcome.

Engagement Methods

Corporate engagements often take time to produce results. We usually meet with senior management via conference call, video call or in person. We also conduct engagement in writing, particularly in emerging markets. In 2023, all engagements were held by phone conference/video conference (54%) or email (45%). One engagement was held in-person. Engagements typically consist of multiple meetings to discuss the issue(s) and assess changes in the company's policy and/or performance. If the engagement stalls or a company is unresponsive, we will consider the escalation steps described in Principle 11, which include options up to and including divestment.

Please note, we typically engage with companies when there is a financially-relevant objective, at a client's request, and/or in areas in-line with our clients' ESG priorities.

Engagement Example #1:

Engagement Category: Proxy Related, Executive Compensation

<u>Objective:</u> Provide feedback to the company's executive compensation plan following the 2022 Annual General Meeting.

<u>Engagement Summary:</u> FI engaged a US technology company to provide feedback on its executive compensation plan following the 2022 Annual General Meeting. The management-sponsored Advisory Vote on Executive Compensation received less than 65% support from shareholders due to concerns about the magnitude and structure of the CEO equity grants. In addition, investors expressed concern about the magnitude of NEO (Named Executive Officer) pay, which is equivalent to the CEO pay at some of the company's competitors. We met with the company after the vote and communicated that our vote was driven by the same concerns.

The company requested a follow up meeting in Q1 2023 to discuss the steps it was taking in response to investor feedback.

2023 Outcome

Status: Concluded - Objective Achieved (Successful Engagement) - The company's CEO and the board's Compensation Committee announced major changes to the programme. In 2023, the CEO compensation was reduced by 40% and there were no ad-hoc CEO equity grants. The company is not revising the NEO pay programmes.

Engagement Example #2:

Engagement Category: Climate Risk, Waste Management, Social Impact

<u>Objective</u>: Follow up engagement to review the company's GHG emissions management efforts, encourage the company disclose both absolute and relative emissions, and discuss other aspects of its sustainability strategy.

Engagement Summary:

FI met with a South American retailer to seek an update on the company's sustainability priorities, with an emphasis on the GHG emissions inventory and related target-setting, waste management, and social initiatives. The company's rapid growth is outpacing its sustainability progress in the short-term, but the company believes the programmes being implemented now will produce long-term benefits.

Climate Risk: The company is experiencing an increase in emissions tied to business growth. The high cost of electricity creates both financial and environmental incentives to pursue low-carbon alternatives and the company is testing several initiatives to address Scope 1 and 2 emissions. In addition, emissions increased because the company is replacing estimated emissions with actual data and mapping a bigger portion of the company's carbon footprint. It is notable that the company is also tackling Scope 3, which it believes it can dramatically reduce by optimising inventory management and using bicycles for last mile delivery (however, this is 18–24 months away). FI encouraged the company to disclose both relative and absolute emissions and it published this information in Q4 2023, representing a milestone in the engagement.

Waste Management: The company wants to be the country's largest recycler of electronics, but culturally, recycling is not ingrained in its customer base. It is also targeting its packaging, moving from 100% virgin plastic in 2021 to 60% recycled and assessing the feasibility of using only FSC (Forest Stewardship Council) certified cardboard. Cost effectiveness of sustainable options and local weak recycling infrastructure are ongoing obstacles.

Disclosures: The company completed the TCFD disclosures for the first time last year and is working to implement the recommendations.

Social Impact: The company continues to prioritise its social impact with measures focused on combatting the health and social effects of the pandemic. They have not determined an appropriate measure to quantify the impact of these efforts but expect as the business grows they will have more financial resources to do so.

2023 Outcome

Status: Milestone Achieved – Ongoing Engagement – The company is prioritising sustainability hand-in-hand with business growth. Although it had a late start, its sustainability plans are quite comprehensive and the company is thinking about the entire value chain. In Q4 2023, the company enhanced its reporting by disclosing both absolute and relative GHG emissions, as FI had recommended.

Engagement Example #3:

Engagement Category: Climate Risk, Biodiversity, Social Impact, Executive Compensation

<u>Objective:</u> Gain insight into recent leadership transition and receive updates on the company's sustainability performance.

<u>Engagement Summary:</u> FI met with a US medical technology company to learn about recent leadership transitions. A new CEO was selected in 2023, while the incumbent transitioned to be the non-executive Chair of the Board.

Executive Compensation: The company's executive compensation programme integrates ESG metrics but does not disclose the specific ESG key operating drivers used to determine payouts. We reiterated our request from previous meetings for the compensation committee to disclose the ESG metrics or provide further details. The company will take our feedback to the committee.

Climate Change Strategy: The company has committed to reduce absolute Scope 1 and 2 GHG emissions by 42% from a 2021 baseline. It aims to achieve carbon neutrality and reduce Scope 3 emissions by over 50% per USD of value added by 2030. The company reported that it is progressing on those

emissions reduction targets through efficiency gains and switching to renewables. It will disclose progress impact updates next year.

Water Stewardship & Waste Management: The company has seen tremendous growth in recent years reaching to 19,000 employees globally. As its operational footprint expands, controlling its corporate impact is a major priority. Previously, we had inquired if the company planned to set targets on water use and waste management. The company has indeed set corporate impact targets to reduce waste generation intensity by 20% and water withdrawal intensity by 10% by 2025, which marks a notable milestone in the engagement. The integrated corporate impact report to be published in the second half of 2024 will contextualise these sustainability goals and performance further.

Access to Healthcare: The company has set a 2025 target to improve the lives of underserved 2.5 million patients with structural heart and critical care needs. The company and an associated non-profit organisation aim to positively impact patients around the world by providing devices and monitoring assistance through education and financial support.

2023 Outcome

Status: Milestone Achieved – Ongoing Engagement – The company set water and waste target to strengthen initiatives in these areas, which FI had previously recommended. The appointment of non-independent ex-CEO to the Chairman of the Board position may pose the risk of eroding board independence. However, the board has a lead independent director and the need to maintain continuity after a long and successful tenure is compelling. The company's sustainability targets and programmes appear positive; we will evaluate the forthcoming corporate impact report for progress updates.

Engagement Across Categories

Given the global nature of our portfolios, we endeavour to engage across a variety of geographies and sectors (see charts below). However, an effective engagement programme is not one-size-fits-all. While large-cap companies generally have robust sustainability programmes, we recognise small cap and emerging market companies may be resource-constrained or less accustomed to engaging with investors on ESG issues. As such, a comprehensive, in-depth engagement may not be practical, so we tailor the conversation to address the issues that are most salient to the business. When feasible, we also endeavour to include our fixed income holdings in the engagements.

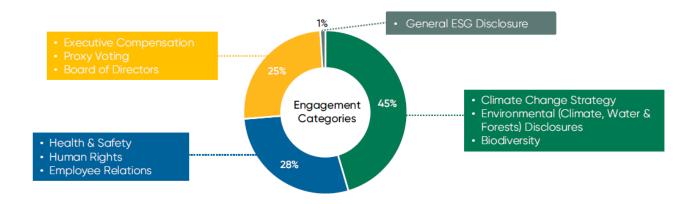
Stewardship Reporting

To provide transparency about our stewardship activities, we post quarterly engagement and proxy voting reports to our website, which include metrics (such as the charts provided below) and detailed engagement examples. However, because we believe engagement is most effective when conducted privately, we do not publicly disclose company names except where it is a regulatory requirement.

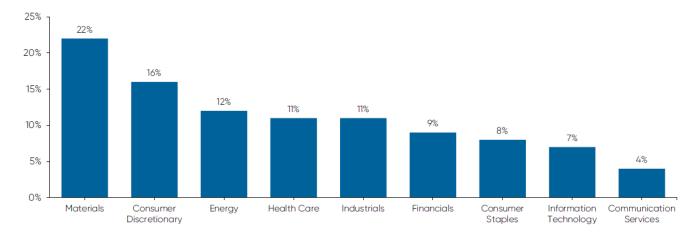
Geographic Distribution of Engaged Companies in 2023



Engagement Topics Across E, S, and G Categories in 2023



Engaged Companies by Sector in 2023



Data indicated above are based on engagement meetings for all institutional clients of the Fisher Group as of Q4 2023.

PRINCIPLE 10: ENGAGEMENT

Signatories, where necessary, participate in collaborative engagement to influence issuers.

We recognise the importance of working together, and we collaborate with other institutional investors to engage companies when we believe doing so is likely to advance clients' interests, is consistent with our policies and procedures and is permissible under applicable laws and regulations. For example, if dialogue with management fails to achieve our desired objective and we wish to retain the investment in the company concerned, we consider carefully whether taking collaborative action is likely to improve shareholder value.

We always seek to have a clear objective for collaborative engagements. As involving multiple parties in an engagement can increase complexities, we seek to ensure all collaborative engagements follow the PRI's "4 Cs" for success: commonality, coordination, clarity and clout. We prioritise collaborative engagements as we would standalone engagements (described in Principle 9).

Collaborative engagements are a priority for us, and our engagement professionals seek opportunities to participate in collaborative engagements that align with our clients' best interests. In 2023, we participated in the following collaborative engagements:

Climate Action 100+

Fisher Investments Europe Limited (FIE), a wholly owned subsidiary of Fisher Investments, is a signatory to this initiative, whose objective is to ensure the world's largest greenhouse gas emitters take necessary action on climate change. FI and other institutional investors met with a US multinational energy corporation in an ongoing engagement to discuss key elements of the company's energy transition plan and receive an update on its business strategy related to climate and capex allocation to low-carbon solutions.

2023 Outcome

Status: Ongoing Engagement – FI suggested the company continue (and if appropriate, increase) its allocation to low-carbon capex and consider becoming a signatory to Oil and Gas Methane Partnership 2.0. The company reported that it exceeded its 2028 methane emissions intensity target and is 50% of the way to its 2030 renewable energy target.

CDP Non-Disclosure Campaign

We participated in CDP's 2023 non-disclosure campaign, which pools institutional investors to engage companies around the world. The goal of the engagement is to persuade companies to report to the CDP using the organisation's Climate, Water and/or Forest disclosure questionnaires—which are a valuable data source for investors and stakeholders. We engaged 30 companies in 10 countries, as a lead investor. In total, 3 of the 30 companies completed at least one of the climate, water or forest questionnaires.

2023 Outcome

This engagement initiative had a 10% overall success rate, which is in line with the lower end of our expectations.

Collaborative Engagement Service

In 2023, we contracted with a third-party collaborative engagement service. These engagements focus on companies identified under Norm-Based Research as failing to prevent or address social and environmental controversies in line with established standards for Responsible Business Conduct.

2023 Outcome

We participated in 16 engagements addressing topics such as collective bargaining & unions, regulatory actions, employee relations and climate change strategy. We achieved our objective with a European steel manufacturer after engaging the company on its alleged failure to prevent air pollution in Kazakhstan and France. The company committed to a significant reduction of emissions at its operations in addition to disclosing the timeline and updates on progress of environmental plans aimed at reducing emissions at the company's operations in Kazakhstan.

Client Co-Engagement

In 2023 we expanded our client co-engagement programme, which allows us to conduct engagement alongside our clients or invite clients to request that FI engage a company on their behalf. This collaboration also allows our clients to experience first-hand how our engagements can lead to outcomes.

Client Co-Engagement Example #1:

<u>Objective:</u> Encourage a US communications services company to protect human rights in the use of its products; assess implementation of recommendations from an external audit of the company's human rights programme.

<u>Engagement Summary:</u> We co-engaged a US communications services company with one of our institutional clients in Q4 2023.

Human Rights: The 2016 U.S. Presidential election and Brexit showcased how bad actors use social media to carry out influence campaigns. However, the company truly began to create an enterprise-wide human rights programme after media reports alleged that the company allowed hate speech and misinformation to proliferate in Myanmar, contributing to the killing of Rohingya and the military coup that overthrew the country's democratically elected government. The company is currently embroiled in a lawsuit filed by Rohingya refugees.

In 2023, the company's materiality assessment identified human rights as "critical" to the business. The company's human rights programme is overseen by the board's Audit and Risk Oversight Committee, but the board does not have human rights expertise. We think this is an area of further development.

The company has an external advisor for content moderation decisions and recommendations on human rights policy. Establishing the advisor represents best practice and provides a publicly-available grievance mechanism, although the scale is far below what is needed.

Preventing Misuse: The company has devoted a lot of resources to this topic and continues to implement the recommendations from the external audit. This includes rapid expansion of locally-based partners and expanding the number of languages it supports (content moderators that did not speak the local language was a factor in Myanmar). The company estimates its language capabilities currently serve 1 billion people.

The company is preparing for several high-profile 2024 elections. It is establishing teams to monitor for misinformation, hate groups, and state-sponsored influence campaigns such as those originating in Russia. This is a crucial opportunity for the company to demonstrate it can effectively combat misuse.

Artificial Intelligence: The company also presented its efforts to develop its new Al programme in a responsible manner. However, once a user downloads the open-source programme, there is no mechanism to restrict access (unless the user violates the terms of agreement). This means controlling customer use is exceedingly difficult and will be an ongoing risk for the company.

2023 Outcome

Status: Ongoing Engagement – The company is in the ramp up phase of its human rights programme – it is behind where it needs to be, but this is not uncommon for social media. The company has a huge challenge in preventing the spread of hate speech and misinformation. While the company can make strides to measure the amount of content it removes, the amount it reviews is a small percentage of the content that flows across its apps. We'd like to see resources made available to the board to strengthen its ability to oversee human rights risks, which the company has identified as financially material. We'd also like to see the company develop tools and methodologies to measure/monitor the effectiveness of its human rights risk mitigation practices, and enhance its disclosure of human rights-related metrics.

Client Co-Engagement Example #2:

<u>Objective</u>: Seek information on the company's climate transition strategy and inquire about its short- to medium-term goals on sustainable financing.

<u>Engagement Summary:</u> FI engaged an Asian commercial bank alongside one of our institutional clients after our analysis flagged the company for having a loan book skewed toward high emitting industries, which may introduce risk due to governmental commitments to reduce GHG emissions. We also inquired about the performance of the bank's social initiatives and integration of ESG issues into its governance programme.

Sustainability Factors in Credit Ratings: The company described how it factors sustainability into its underwriting process. Where the bank has a published policy, new clients are required to comply, and existing loans are encouraged to comply (or at minimum to make efforts) but the bank acknowledged there are adoption challenges.

Environmental: We noted that sustainable financing constituted ~25% of the loan book. The bank maintained that its loan book is focused on sustainable financing, and it prioritises Small and Medium Enterprise (SME) and green loans, with a goal to increase sustainable financing by 8% per annum from the present levels so that sustainable financing continues to grow faster than the rest of the loan book Year-over-Year.

Palm Oil: Given the issue's sensitivity, the bank requires that its palm oil clients have palm oil certification (RSPO or ISPO). It also has credit policies for other high-emitting sectors, such as coal, land use and forestry.

The bank intends to complete a detailed GHG emissions inventory through 2024-2026 and once complete, it plans to set reduction targets. Within the same time frame, it is expecting its regulator to introduce a Green Taxonomy with best practice guides based on sectors. The bank is also directly engaging with ~450 entities not currently covered by the Taxonomy.

Governance: The company created a sustainability group in 2019 to coordinate its initiatives and evaluate progress. The group presents to the Board of Directors and the Board of Commissioners (who oversee the Directors) quarterly. Several directors have key performance indicators related to the bank's sustainability initiatives.

2023 Outcome

Status: Ongoing Engagement – FI recommended that the company set GHG emission reduction targets ahead of 2026 and to identify areas where sufficient data is already available. The bank is consolidating its ESG efforts through the newly established sustainability group and FI suggested incorporating metrics to apply to all board members rather than selected directors.

PRINCIPLE 11: ENGAGEMENT

Signatories, where necessary, escalate stewardship activities to influence issuers.

Portfolio holdings are continuously monitored and material ESG issues are elevated to Fl's Investment Policy Committee (IPC) when appropriate. We hold meetings with company management as necessary to discuss issues we feel are pertinent to analysing the company or better understanding peers or relevant industry factors. Information uncovered during engagement is incorporated into our fundamental analysis. We have dedicated staff that works to identify ESG risks and opportunities and conducts engagement with companies.

Corporate Responsiveness

Engagement provides a direct channel to discuss investor expectations and provide feedback on a company's ESG policies and practices. Company boards and management use shareholder feedback and engagement to learn of industry relevant risks and opportunities. Thus, in general, boards and management endeavour to be responsive to their shareholders. In situations where a portfolio company is either unresponsive despite repeated inquiries or continues to perform poorly against the engagement objective, FI may seek to escalate the engagement dialogue.

Our experience shows stewardship concerns are usually best resolved by direct, confidential contact with company officials—whether at the board or management level as appropriate. Corporate engagements often take time and multiple rounds of dialogue to produce results. In terms of meeting the objectives of engagement on ESG concerns, we recognise that companies may not be immediately able to respond with additional disclosures, policy considerations or policy changes. In FI's case, many of our current engagement dialogues with companies were initiated within the prior year and thus remain "ongoing". Therefore, escalation is limited.

If we consider escalating the engagement, we evaluate the materiality of the issue, the company's record of previous responsiveness and whether escalation serves our clients' best interests. Based on the evaluation, the IPC may take any of the following escalation action, at its discretion:

- Seek additional meetings with company management or board,
- intervene in concert with other institutions on the issue,
- vote in support of related shareholder proposals,
- withhold our support from one or more board members or,
- divest our holdings.

If we activate escalation, we would inform the management team of our decision as well as our rationale.

Escalation: Differentiated Approach

Market context (i.e., knowing that business norms and escalation techniques may vary based on region or asset class) is important when considering escalation due to company unresponsiveness. ESG

disclosure is more mature in markets like Europe or North America, where we can dig into the details of a sustainability plan and myriad disclosures to seek specific engagement objectives on material ESG concerns. In these markets, we are likely to utilise proxy-related tools such as board accountability or voting for shareholder proposals on ESG issues.

In less mature markets, such as Asia or Latin America, engagement dialogues often begin with the goal of asking companies to adopt a sustainability plan or disclose ESG performance. Here the primary objective is to communicate investor expectations on ESG issues that are relevant for their business.

Depending on the company size or the ownership structure, some companies may be new to interacting with shareholders on ESG concerns, or may not respond to the engagement request until a fully formed response is ready. Therefore, we believe there is value in letting the companies know of the many ESG issues that investors are evaluating, even if the company is initially unresponsive. In these markets, collaborative engagement in concert with other investors can be an effective escalation strategy. Therefore, in markets where ESG practices are less established, there is tremendous opportunity to drive the growth of sustainable business practices, but we should be prepared to patiently wait out initial unresponsiveness. Similarly, our requirements in the fixed income investments do not allow great latitude to escalate if we have ESG concerns with our holdings.

Escalation Example:

FI reviewed non-responding companies and identified suitable candidates for escalation in 2023. Following our escalation process, we reached out to a more senior person in the company.

2023 Outcome

Our escalation and follow up efforts resulted in positive responses 46% of the time.

PRINCIPLE 12: EXERCISING RIGHTS AND RESPONSIBILITIES

Signatories actively exercise their rights and responsibilities.

Voting Rights: Differentiated Approach

We exercise our proxy voting rights and responsibilities with the assistance of Institutional Shareholder Services Inc. (ISS), an independent, third-party voting service. This includes all our institutional strategies, assets, and geographies (including all Funds and Separately Managed Accounts) where strategies are offered, and we are authorised to vote. Our voting policy is derived from ISS and incorporates geographical variances due to differences in local norms of good governance, regional/local regulatory differences and listing requirements. Each of these is specific to the policy that is being voted. In addition, institutional guidelines may be structured in accordance with custom ESG standards, which is then communicated to ISS by our back-office professionals.

Many proxy issues fall into well-defined, standardised categories, and as a result we have developed guidelines in conjunction with ISS for these categories. ISS maintains a wide-ranging set of corporate governance standards—including board independence and diversity, director meeting attendance, outside directorships, auditor independence, analysis of executive remuneration, and many other factors. We work with ISS to further refine our guidelines and to track and vote our clients' proxies accordingly.

While FI's Investment Policy Committee (IPC) utilises ISS for shareholder vote recommendations, they reserve the right to override ISS recommendations as they, and FI's Research Team, see fit. Any IPC override is logged by the Securities Operations Team and reported to the Proxy Committee on a quarterly basis.

Voting Policy Disclosure

We disclose our institutional voting practices through several avenues including the following:

- Our Proxy Voting Policy is disclosed and publicly available via our website.
- We define significant votes and publish the information pertaining to them in publicly available Proxy Voting reports; these are available via the link provided above.
- Full account specific proxy voting disclosure is available upon request to our clients. Full proxy voting breakdown reports are routinely provided to our clients on a recurring basis (generally quarterly or annually) or on an ad hoc basis when they are requested.

In 2023, we maintained the frequency of this reporting (quarterly) and continued to provide greater transparency on an ongoing basis regarding our proxy voting activities.

Furthermore, we maintain objectives and policies in order to monitor this third-party service. Our oversight procedures for ISS are described in our Proxy Voting Reports and Policies on the Institutional Group <u>website</u>.

Proxy Voting and Outcomes Examples

Example #1: In 2022, FI met with a US multinational company 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 2023, 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.

2023 Outcome

Ongoing engagement: We were disappointed the company continued to propose an executive compensation plan that is overly reliant on share price appreciation and flagged the company for voting escalation. At the 2023 annual general meeting, a significant portion 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).

Example #2: We met with a US bank to discuss its advisory vote on executive compensation. Our proxy advisory had issued "cautious support" for several years and indicated that pay-performance misalignment was the deciding factor in recommending a current vote against management. We learned that the recommendation was based on prior year's data for the comparison, which we viewed as a meaningful discrepancy.

2023 Outcome

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

Voting Guidelines & Client Voting Flexibility

If the views of the IPC vary from ISS as applied to corporate governance standards, we vote shares in alignment with our view of the best interests of our clients—and not necessarily with management. Voting decisions are based on our internal evaluation in each case and may rely on our own company specific research or other outside research group, in addition to the views of ISS. We typically do not tell the company in advance of our intention to abstain or vote against management: doing so may expose our investment professionals² to unhelpful pressure, which can impede effective discharge of their responsibilities on behalf of clients.

Clients in segregated accounts may override and direct voting compared to our standard policy in three main ways:

- Clients may choose to override individual votes on an ad hoc basis.
- Clients may choose to vote their own proxies, either through our partnership with ISS or through use their own independent proxy advisor.
- Clients may choose an alternate proxy policy available such as our in-house custom ESG policy, or another specialty policy from ISS including ESG or Taft-Hartley etc.

Clients invested within our pooled vehicles have limited ability to direct voting to ensure that no individual client is over-influencing the votes of another client. However, we do exercise our voting rights within all pooled vehicles.

Additionally, we have partnered with ISS to create a custom voting policy consistent with our ESG policies that is made available to all our clients. We frequently engage with company management on proxy voting issues.

Securities Lending & Monitoring Voting Rights

In general, we do not participate in securities lending. We would enter in securities lending arrangements only upon written client request, assuming the client's account custodian can act as the client's lending agent, although this is rare in occurrence. As these agreements are client-directed, we are not able to comment on their effectiveness.

Mitigating 'empty voting' along with broad monitoring of shares and voting rights remain industry-wide challenges for asset managers. Current limitations to ensure accurate records between custodians, managers and proxy providers remains challenging due to differences in record and meeting dates, custodial share recall timing differences, and other operational challenges. Because we do not participate in securities lending, we reduce the risk of 'empty voting' and any such instances are outside of our control.

Voting Proportions

In the 2023 reporting period, we voted over 95% of the shares for which we were authorised to vote. The small percentage of votes not cast was due to several factors including some of our institutional clients not meeting residency status requirements in issuing countries where votes were cast.

We currently do not have a full public record/disclosure of our votes however, we make the voting history & rationales for all institutional voting decisions available to clients. Additionally, consistent with SRD II regulation, significant votes and rationales for those votes are available publicly for each Fisher Group business unit at each subsidiary's website. Proxy Voting Reports for the previous 12 months (rolling) are posted to our website.

Amendment Seeking - Fixed Income

For fixed income assets, the most common way in which amendments or changes to terms and conditions in indentures are considered is through the bond indenture consent solicitation process.

During this process, issuers seek amendments or changes to terms of indentures from existing bondholders such as Fisher Investments. In such situations, we actively assess the requested changes to determine if they are in the best interests of bondholders and our clients, and responds accordingly. Note, fixed income assets under management make up ~7% of our assets (see Principles 6 and 7); nearly all managed in pooled instruments such as ETFs. We manage less than 1% of our total assets under management in individual fixed income securities (e.g., corporates, municipal, mortgage backed and sovereign) where we might seek amendments or changes to terms and conditions.

CONCLUSION

The Fisher Group takes a client-centric approach to Responsible Investments (RI) and is dedicated to continuously improving our responsible investment capabilities and offerings to meet and exceed the expectations of our ESG clients. Further, we are particularly proud of the increased engagement activity we have undertaken in 2023, including the addition of staff, the development of an Outcomes Framework, and the expansion of biodiversity-related engagements. We see this increased activity and the increased level of response, as highlighted throughout this report, to be a continuation of our upward trend within the field of active ownership which we plan to continue in the future. In conclusion, we are committed to putting the best interests of our client's first, whilst incorporating our responsibilities as a signatory of the Principles of Responsible Investments (PRI) and our commitment to this Code, in our investment approach.

Review and Approval Process

This report has gone through an extensive review and approval process by members of our Responsible Investments & Engagement vertical, Senior Managers within the Institutional Group, our research staff, and a member of FI's Investment Policy Committee. After finalising our 2024 submission, we reviewed the report with multiple levels of Senior Management and the Law and Compliance Department, before presenting the final report to the Fisher Investments Europe Limited Board of Directors for final approval and execution.

Disclosures

Fisher Investments Europe Limited, trading as Fisher Investments Europe (FIE), authorised and regulated by the Financial Conduct Authority (FCA), wholly owned by Fisher Asset Management, LLC, trading as Fisher Investments (FI). FIE outsources portfolio management to its parent company FI. FI is an investment adviser registered with the US Securities and Exchange Commission (SEC). As of 31 December 2023, assets valued over £185 billion GBP. All assets as of 31 December 2023 in this document are preliminary and subject to reconciliation of accounts. FI and its subsidiaries consist of four business units – Fisher Investments Institutional Group (FIIG), Fisher Investments US Private Client Group, Fisher Investments Private Client Group International, and Fisher Investments 401(k) Solutions Group. FIIG services significantly all of FI's institutional accounts. Fisher Investments US Private Client Group and Fisher Investments Private Client Group International serve a variety of equity, fixed income, and balanced assets for a substantial majority of the firm's private client accounts. 401(k) Solutions provides investment-related fiduciary and plan consulting services to employer sponsored retirement plans in the United States with less than \$20 million USD in assets. For separately managed accounts, FIE serves as the investment manager and FI serves as the subinvestment manager. FI's Investment Policy Committee (IPC) is responsible for all investment decisions for the firm's strategies.

Combined institutional AUM, as referenced in this material, includes separately managed accounts for institutional investors and commingled vehicles which, dependent on vehicle type, may allow for both institutional and retail investors.

Unless otherwise specified, references to investment professionals, operations personnel, and middle and back-office personnel are references to FI employees. "We", "our," and "us" generally refer to the combined capabilities of the Fisher group of companies, including FIE (Fisher Group).

- ² The investment professional team is comprised of the Investment Policy Committee (IPC), Research Analysts, Traders, Portfolio Implementation Analysts, Portfolio Analytics & Reporting Analysts, Institutional Portfolio Specialists, and select supervisors within our Portfolio Management and Institutional Departments whose functional responsibilities are directly involved in supporting the portfolio management process for Institutional Strategies. Investment professionals are generalists and devote their efforts to all Fisher Investments Institutional Group (FIIG) strategies. Some investment professionals also devote their efforts to other business units' strategies.
- ³ As of 31 December 2023, assets valued over £185 billion GBP. All assets as of 31 December 2023 in this document are preliminary and subject to reconciliation of accounts. Pound Sterling asset values were calculated by using the USD-GBP exchange rate as of the dates indicated. Source: FactSet.
- ⁴ Great Place to Work certifies companies based on employees' responses to their industry-defining Trust Index© Survey. Results from the survey are highly reliable, having a 95% confidence level and a margin of error of 5% or less. Fisher Investments and its affiliates pay a participation fee to Great Place to Work®, which covers the cost of administering the survey to employees and the analysis and delivery of survey results. For more information, please visit: Certified Organizations and Our Methodology.
- ⁵ Fisher Investments Europe Limited, a wholly owned subsidiary of Fisher Investments, is a signatory to the Climate Action 100+. Prior to January 2024, Fisher Investments was a signatory to the Climate Action 100+.

⁶ For purposes of defining "firm", FI was established as a sole proprietorship in 1979, incorporated in 1986, registered with the SEC in 1987, replacing its prior registration of the sole proprietorship, and succeeded its investment adviser registration to a limited liability company in 2005. "Years with Firm" includes time spent with FI and/or its subsidiaries, as of 31 December 2023.

⁷ Fisher Investments Institutional Funds plc (FIIF) is an umbrella type open-end investment company with variable capital with segregated liability between sub-funds incorporated on 24 March 2011 and authorised in Ireland by the Central Bank of Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended. Carne Global Fund Managers (Ireland) Limited is the manager of FIIF, which has outsourced investment management services to Fisher Investments (FI). FI's Investment Policy Committee is responsible for all strategic investment decisions affecting each sub-fund. Fisher Investments Europe Limited is each sub-fund's distributor. Fisher Investments Ireland Limited is a sub-distributor of the sub-funds. Fisher Investments Europe Limited will provide servicing to the UCITS investors.