# RESPONSIBLE INVESTING REQUEST FOR INFORMATION

Firm Name: Fisher Investments (FI)[1]

Completed By: Jacob Shoop

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## PREAMBLE

In accordance with Queen's University's Responsible Investing Policy, as approved in May 2017, we require all of Queen's External Investment Managers to take due regard of environmental, social, and governance ("ESG") factors in making investment decisions. Managers will be asked to engage where appropriate and report to the University on their ESG activities on an annual basis.

Link to Responsible Investing Policy: https://www.queensu.ca/secretariat/policies/board-policies/responsible-investing-policy

**To assist with our due diligence, we request that you respond to the following questions no later than March 19, 2025.**

Note: Responses to this questionnaire will be posted in full on Queen's website.

## GENERAL

**1) Please provide your ESG-related policies. Please provide a formal statement of your ESG-related policies if you have one.**

FI considers environmental, social and governance issues in our investment and portfolio construction process. Additionally, we regularly screen and tailor our investment approach for separately managed accounts depending on client-mandated ESG guidelines. Please find attached our ESG Policy Statement.

**2) Are sustainable investing and ESG factors integrated into your investment process and portfolio management decisions? If yes, please provide details.**

Yes. FI evaluates and integrates financially material Sustainability Risks and ESG factors at multiple stages throughout the investment process.

*Top-Down 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 sector/industry and thematic preferences. Environmental regulation, social policy, economic and market reforms, labor, and human rights are among ESG factors considered, as relevant, when determining sector/ industry allocations and shaping an initial prospect list of portfolio positions.

FI's IPC, with the assistance of FI's Capital Markets, Securities 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 sector and country weight preferences as well as individual stock selection. The investment strategy and positioning reflects FI's outlook over a 12-18 month horizon.

*Bottom-Up Investment Process*
FI's 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 when relevant in portfolios include, but are not limited to: shareholder concentration, corporate stewardship, environmental opportunities & liabilities, and human or labor rights controversies.

At a client's discretion, FI is able to refine prospective equity lists further by applying the firm's or client provided ESG screens to the list of prospective securities for separately managed accounts. FI's screening process leverages MSCI ESG Research capabilities to identify and remove portfolio candidates involved in business activities deemed inconsistent with FI's, or client-provided, screens.

**SAMPLING OF AVAILABLE MECHANICAL SCREENS**

| DEFENSE AND WEAPONS | BUSINESS ACTIVITIES | GLOBAL SANCTIONS | GLOBAL NORMS AND CONVENTIONS |
|---|---|---|---|
| • Biological/chemical<br>• Conventional<br>• Depleted uranium weapons production<br>• Nuclear<br>• Civilian firearms<br>• Cluster munitions (any ties)<br>• Landmines (any ties) | • Adult entertainment<br>• Alcohol/gambling/tobacco<br>• Child labor controversy<br>• Genetic engineering<br>• Animal welfare<br>• Thermal coal extraction & power generation | • US Office of Foreign Asset Control (OFAC)<br>• EU sanctioned entities<br>• Canada's Special Economic Measures Act (SEMA)<br>• Australian Department of Foreign Affairs and Trade (DFAT) | • UN Global Compact<br>• ILO core conventions<br>• ESG Controversies<br>• The Norwegian Global Pension Fund restriction list |

Generally, FI would choose not to invest in companies when, in its opinion, security level issues: (i) violate a client mandated ESG policy or (ii) present an inordinate risk to a company's operational or financial performance or (iii) appear to present undue headline risk to share price performance.

**3) a) Are you a signatory to the UNPRI?**

Yes.

**b) If you are signatory to other coalitions, please list them.**

Please find a list of other international initiatives that FI (or its subsidiaries) has joined below:

- Fisher Investments Japan Limited, a wholly-owned subsidiary of Fisher Investments, declared acceptance of the Japanese Stewardship Code
- FI is a participant in the UN Global Compact
- FI is a signatory to the Carbon Disclosure Project (CDP)
- Fisher Investments Europe Limited, a wholly owned subsidiary of Fisher Investments, is a signatory to the Climate Action 100+
- Fisher Investments Europe Limited is signatory to the UK Stewardship Code
- Fisher Investments Europe Limited is a member of the is a member of the Institutional Investors Group on Climate Change (IIGCC)
- Fisher Investments Australasia is a member of the Responsible Investment Association Australasia (RIAA)

**c) Indicate any other international standards, industry guidelines, reporting frameworks, or initiatives that guide your responsible investing practices.**

Please see question 3) b) above.

**4) Please describe how ESG oversight and integration responsibilities are structured at your firm, including the process for escalation of key ESG issues. Also, if applicable, describe how responsible investment objectives are incorporated into individual or team employee performance reviews and compensation mechanisms.**

FI's responsible investment activities and duties are integrated throughout several of our teams, including the Research Group, IPC, and teams within Fisher Investments Institutional Group (FIIG), including the Investor Responsibility and Engagement team, and the Client Guidelines and Assurance (CGA) team.

FI have established a formal Responsible Investments Committee, comprised of individuals from both FIIG and the Portfolio Management Group leadership teams. The Committee oversees FI's ESG activities and keeps apace of ESG industry developments, providing oversight and alignment of ESG activities with the firms' strategic priorities, with the intention of making FI a market leader through our ESG considerations and implementation.

In addition, FI has six designated ESG Specialists (as of December 31, 2024) who offer crucial ESG expertise and play a central role in the application of ESG considerations throughout all stages of our investment process: research, guideline implementation and portfolio compliance. The Committee's permanent members include four ESG Research Specialists, one member of FI's IPC, and one Vice President of Responsible Investments. Additional responsibilities of our four ESG Research Specialists include serving as a valuable resource for our clients and prospective clients, and working closely with FI's IPC to provide ESG training to our Research Group. The Vice President of Responsible Investments is dedicated to assisting in all aspects of ESG and Responsible Investments, including client reporting and content creation.

Additionally, FIIG has an Investor Responsibility and Engagement team, consisting of a Vice President and five Analysts. Their responsibilities include providing extra capacity for engagement opportunities, building a structured and coherent framework to support continuous engagements, and sharing their wealth of industry experience with individuals across our organization.

Furthermore, FIIG's CGA team helps ensure compliance with client mandated guidelines, including ESG guidelines. This team is responsible for accurately translating client and FI mandates into coding for the firm's order management system, and monitoring portfolios to help ensure compliance with all client, FI and regulatory guidelines.

*Compliance*

Additionally, FI's ESG Specialists work with FI's Portfolio Engineering, Client Operations and Client Guidelines and Assurance teams to help ensure appropriate application of all firm level, strategy specific or client mandated mechanical screens, and to help identify potential ESG issues associated with a stock by using MSCI ESG database tools. Portfolio guidelines compliance is monitored on a pre-trade and post-trade basis.

*Compensation*

While we do not directly link responsible investment objectives to compensation, certain members of our senior executive-level staff, such as our IPC members, are shareholders of FI or holders of compensation instruments linked to the firm's AUM. The IPC are the firm's portfolio managers and are responsible for managing clients' portfolios. We expect the firm's revenue and enterprise value to increase after the IPC exceeds clients' expectations and attracts new clients.

**5) How do you obtain ESG information/data (e.g. public information, third party research, reports and statements from the company, direct engagement with the company)? Please provide specific details of what information is obtained from each source, and how this information is acquired.**

*Third Party Providers*

In addition to our internal, propriety research, FI uses ESG data from external service providers to support our fundamental research conducted throughout the investment process. FI currently maintains subscriptions to a variety of resources including, but not limited to:

- MSCI ESG Information
- MSCI Barra Risk Metrics
- CDP (formerly Carbon Disclosure Project)
- Bloomberg
- Institutional Shareholder Services, Inc. (ISS)
- FactSet
- Morningstar Sustainalytics

Please see below for information on the information obtained from each source:

| Service Provider | Services Provided |
|---|---|
| MSCI | • ESG Ratings<br>• Business Involvement Screening<br>• Global Norms & Controversies<br>• Sustainable Impact/Carbon Metrics<br>• Enhanced Climate-Related Metrics & Reporting |
| Morningstar | • Sustainability Ratings<br>• ESG Research |
| Bloomberg | • Market research, data & analytics |
| ISS (Institutional Shareholder Services) | • Implement Proxy Voting Guidelines<br>• Ensure Proxy Votes are cast<br>• 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)<br>• SDG Monitoring |

**6) What channels do you use to communicate ESG-related information to clients and/or the public? Do you produce thought leadership (written reports and publications)? If so, is the information available to the public? Please provide links, if applicable.**

FI is a training and knowledge-oriented organization, and our service philosophy begins with a commitment to transparency and responsiveness. FI provides regular, in-depth reporting, global market commentaries and outlooks, and research-driven, educational materials and presentations to our clients. All of these materials can be customized to focus on ESG issues, risks and opportunities.

We share a large amount of investment training and global market research with our clients, and are continually producing leading commentaries and insights on ESG investment management innovation. We pride ourselves on our unwavering focus in prioritizing client communication and education, and can tailor this service to encompass ESG topics for our clients who request this customization.

Our client service department has the ability to provide the following ESG-related services:

*Customized Research & Education*

- Conduct customized ESG presentations on topics tailored to the client's interests and preferences.

- Create ESG research and educational materials for the client as a whole organization, or for individual members of the organization.

*Client Communication*

- Provide a dedicated Relationship Manager accessible to the client, who is available to provide market updates and to discuss ESG issues, risks and opportunities in relation to the client's portfolio.
- Provide clear and straight-forward updates about the IPC's sentiment on market events and ESG topics.

Furthermore, FI produces a number of ESG reports available for our clients, and is happy to fully customize reporting to meet a client's requirements and requests, including providing tailored content, and reporting in the desired format and frequency. Please find below some examples of ESG reporting that FI currently offers:

- **Bi-annual ESG Newsletter:** Report summarizing recent, key, firm-level ESG highlights and firm commentary on recent ESG news.
- **SDG Revenue Report; Impact Reporting:** Demonstrates how FI defines and quantifies impact investing via the UN Sustainable Development Goals. Reports on progress towards thematic goals of the portfolio.
- **Carbon Portfolio Analytics Report:** A more detailed carbon portfolio report. It shows portfolio; normalized carbon footprint (total carbon emissions per million dollars invested), total carbon emissions, carbon intensity (efficiency of portfolio measured by total carbon emissions per unit of output) and weighted average carbon intensity (portfolio exposure to carbon intensive companies). The report provides an overview of the entire portfolio (scope 1, 2 and 3) vs. the benchmark but also looks at emissions by sector, and security. It shows some of the key holdings that are positive and negative for carbon risk management and also outlines extent of carbon reporting across the portfolio.
- **Carbon Footprint Report:** Compares FI investment strategy carbon emissions (scope 1, 2 and 3) to the respective benchmark in everyday data points such as fewer kilometers driven or additional trees planted.
- **Carbon/Impact Attribution:** A bespoke report that can be created by FI's ESG Research Analysts. The report firstly shows the portfolio's scope 1 & 2 carbon intensity and combines this with a two-factor Brinson attribution to show the performance contribution of low, medium and high carbon emitters in the portfolio. It shows the overall performance contribution of allocation and selection for low/medium/high carbon emission securities. The second part of the report shows the carbon contribution by sector within the portfolio. The report then does the same for Impact attribution, showing the performance contribution of companies depending on their alignment to the SDGs.
- **Engagement Report:** Published quarterly, the engagement report features ESG engagement metrics and case studies. The report details the companies engaged, a summary of the discussion, and any milestones achieved.
- **MSCI ESG Report; ESG Score Reporting:** Overview of MSCI ESG score of the portfolio exposure vs. the benchmark. Report includes historical scores as well as current country/sector scores.

We can generally provide reporting on some extra-financial/ESG aspects as part of standard reporting, and are pleased to customize reporting for our requirements whenever possible. Firm level engagement and proxy voting reports are uploaded to the company website annually:

- (link: https://institutional.fisherinvestments.com/en-us/process/esg)

Additionally, we publish ongoing commentary on our website for a variety of ESG topics.

- (link: https://institutional.fisherinvestments.com/en-us/research).

Our in-house Client Reporting Team is dedicated to handling clients' reporting requests, and we take pride in our willingness and ability to customize reporting to fit clients' needs and preferences.

**7) Do you have periodic reviews of your ESG process/approach to assess its effectiveness? If so, how frequent are the reviews? What are the results? What would cause you to disregard ESG issues in your investment/analysis decisions?**

FI evaluates ESG-related progress in several ways. For example, we have an established Responsible Investments Committee, comprised of leaders within FIIG and FI's Portfolio Management Group (PMG). This committee meets regularly with the intent of guiding and developing our ESG strategies, as well as keeping FI current with ESG industry developments.

As responsible investment is a rapidly evolving discipline, FI devotes considerable resources to helping us acquire and maintain the requisite ESG knowledge and tools. FI applies internal reviews, client satisfaction feedback and the annual UNPRI Assessment to review our progress regarding responsible investment. The UNPRI annual assessment report provides us with the opportunity to determine focus areas for improvement. In the 2023 Assessment Report, FI received five stars in "Confidence Building Measures", four stars in "Policy Governance and Strategy" and "Direct – Listed Equity – Active Fundamental", and three stars in "Direct – Fixed Income - Securitised". FI appreciates these opportunities to identify key areas for growth and development, as we are dedicated to continually improving our ESG capabilities.

Generally, ESG issues would not be disregarded during our investment decision-making process. Rather, identification and deep consideration of ESG issues, risks and opportunities is an integral part of both our top-down and bottom-up analyses. Should the IPC disagree on an ESG concern, there would be an iterative process of additional information gathering, and continued debate on the matter. This would include extensive interaction with the Research Group, who would work closely with the IPC to identify information to support or refute each side of the argument. If a collective agreement or decision is not reached then the IPC would ultimately have lower conviction on that particular theme, weighting or stock decision. As the Co-Chief Investment Officers of the firm, Ken Fisher, Jeffery Silk, and William Glaser have veto power on any decision that the IPC makes, although this would only be utilized in extremely rare circumstances.

## CLIMATE

**8) Describe how you identify, assess, and manage climate-related risks, and whether climate-related risks and opportunities are integrated into pre-investment analysis.**

FI considers both direct and transitional risks and opportunities for the organization and its primary activities related to investment management. While the direct climate-related risks to the organization are limited, FI does consider such risks throughout our investment process. Within portfolios, for example, FI reviews the impact of climate-related legislation and shifting consumer and investor preferences on country, sector 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 returns or those supporting ESG portfolio objectives:

- 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 labor strikes and resource nationalization) and litigation tied to environmental impact.

FI assesses the risk of climate change in the security selection process, examining specific climate change sources such as carbon emissions, fossil fuel production, and fossil fuel use when deemed material. Within ESG portfolios, carbon-related risks are more directly targeted by restricting various coal-fired utilities and mining companies involved in thermal coal extraction. Within sustainable equity portfolios, FI explicitly targets a carbon footprint reduction relative to a benchmark.

FI continually reevaluates companies within the ESG portfolio for policy compliance, ensuring securities held in the ESG portfolio maintain socially responsible business practices. Such assessments seek to improve the probability of alpha generation or to support the non-financial objectives mandated by FI's clients.

FI's risk management process includes the identification, assessment and management of material climate-related risks in the firm's investment decisions. FI devotes significant resources to understanding relationships and opportunities across countries and regions, monitoring for both market and systemic risks globally. FI believes the research structure in place allows the firm to capitalize on global macro trends, cross-country analysis and sector analysis, thereby increasing the firm's likelihood of achieving excess return and controlling risk in a variety of market environments. The firm continuously monitors drivers to ascertain shifts and determine whether the market has appropriately discounted them.

**9) Describe the climate-related risks and opportunities you have identified over the short, medium, and long term.**

*Short term: Regulatory, Environmental Stewardship, & Business Activities*
Short term risks and opportunities are those where businesses may be negatively impacted by regulation or poor environmental stewardship, or positively impacted through a business activity (e.g. energy efficient products and services.) Such risks and opportunities are 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 policy or shifting consumer preferences may have more general impact (positively or negatively). 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.

**10) Describe how you analyze the effectiveness of your investment strategy when taking into consideration different climate-related scenarios, including 1.5 degree and 2 degree Celsius warming scenarios.**

FI believes ESG investors are best served by an investment process considering both top-down ESG issues, as well as those same ESG issues from a bottom-up perspective. FI believes integrating ESG analysis at the country, sector and stock level, consistent with the clients' investment goals and ESG policies, increases the likelihood of achieving desired performance whilst improving environmental and social conditions globally. FI works to incorporate ESG practices into our investment process in a way which focuses on long-term results (opposed to prioritizing immediate returns) and allows for repeatability in the application of our investment process. At the industry level, responsible investing entails investing in companies that meet the needs of the present without compromising the ability of future generations to meet their needs.

**11) Do you track the carbon footprint of portfolio holdings?**

Yes.

**If yes, how frequently? Please provide the results as of December 31, 2023 and describe the methodology and metrics used, including whether you have set targets and/or a net zero objective for reducing the portfolio's footprint, and comment on any related progress over the past year.**

FI is able to measure the carbon footprint for individual portfolios, including Scope 1, 2, and 3 emissions data. We utilize MSCI ESG Carbon Portfolio Analytics to measure the carbon intensity and carbon footprint of the portfolio. We do not, however, actively target a particular carbon footprint in our strategies which are not classified as ESG or Impact portfolios.

FI offers strategies aligned with the Paris Agreement, such as our Emerging Markets Equity Paris Aligned strategy. We have broad capabilities and experience to support Net Zero/Paris-aligned objectives and we consider both direct and transition risks and opportunities on the organization and our primary activities related to investment management. We are a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), a signatory to the CDP, and Fisher Investments Europe, a subsidiary of FI is a signatory to the Climate Action 100+ in support of the industry's efforts to improve carbon disclosures. Examples of FI's actions supporting Net Zero/Paris aligned pursuits are detailed below:

- FI offers Net Zero/Paris-aligned strategies, Low Carbon strategies, and a suite of ESG and Impact strategies.
- FI actively engages with companies to encourage carbon disclosures and alignment with the Paris Climate Agreement (when relevant).
- FI's ESG strategies commonly promote a reduced carbon emissions target of having a portfolio with a weighted average Scope 1+2 Greenhouse Gas (GHG) intensity lower than the benchmark.
- In separately managed accounts, FI has the capability to include further custom Paris-alignment and Net Zero targets in pursuit of a client's particular climate-related objectives. FI is happy to work with existing and prospective clients to launch new investment strategies emphasizing customized ESG solutions.

FI's ESG strategies commonly apply environmental-focused ESG minimum criteria to prevent strategies from investing in companies with significant revenue from thermal coal/oil sands extraction or significant power generation from thermal coal sources.

**12) What are your firm's emissions as of December 31, 2023? Please provide scope 1 and scope 2 emissions, and, separately, scope 3 emissions if available. Please demonstrate how/whether you are taking steps to reduce these emissions.**

FI's most recent assessment on carbon emissions for our largest office, located in Camas, Washington was completed in the summer of 2019. The Energy Star benchmark report was provided through the Department of Energy and the Environmental Protection Agency's Portfolio Manager Platform. Results showed carbon emissions annually for Building 1 was 17.3 pounds of $CO_2$ per square foot and the building is 114,000 square feet. For Building 2, it was 9.44 pounds of $CO_2$ per square foot annually and the building is also 114,000 square feet.

Senior leadership has embarked on a number of internal environmentally conscious programs and initiatives to further embrace ESG principals within our business. Please find a subset of these initiatives as follows:

- **Carbon Off-Set Program:** Starting in 2018, we began purchasing carbon offsets for all FIIG business travel. For calendar year 2022, FIIG purchased enough "carbon credits" through Conservation International to neutralize FIIG's carbon footprint of 214.72 tons of carbon dioxide. We are also a member of Conservation International and are a member of the emerald circle of Conservation International.

- **Canary Wharf, London Office Recycling:** Canary Wharf is the world's first commercial center to be awarded plastic-free community status. One Canada Square has building-wide recycling and compost services, with zero waste to landfill from managed areas; over 5 million single use plastic items eliminated and recycled, including recycling over 4.7 million coffee cups. Our London office is equipped with a superior sustainable waste sorting system with separate containers for paper, compost, and recycling, and employees receive training on how to correctly use the system.
- **Canary Wharf, London Office Electricity:** 100% of the building's electricity has been purchased from renewable resources since 2012. The building also has 14 electric car charging stations.
- **Canary Wharf, London & Camas, Washington Offices Self-Dimming Sustainable Lighting:** Motion-sensored system controls shut lights off in office spaces and conference rooms when they are not in-use, and adjusts the brightness of internal lighting so that areas near windows that require less light will receive less light.
- **Camas, Washington Offices Customized Windows:** The windows installed reduce solar heat and lower power usage for heating/cooling, and feature HVAC systems that use only outside air 80% of the time to provide cooling.
- **Camas, Washington Offices Water System:** The office utilizes a storm water handling system that purifies water from the parking lots and the roads, through natural bio-swales and large filters.
- **Camas, Washington corporate campus and associated office buildings, built between 2010 and 2014:** The offices were built with the natural habitats in mind, to preserve and enhance the wetlands and surrounding environment. For example, FI was able to maintain over 130 acres of on-site wetlands, clear fewer than 40 trees while preparing the land for development, and plant over 5,000 wetland plants, 2,000 shrubs and 400 trees during development. Further, the Camas office buildings meet Leadership in Energy and Environmental Design (LEED) Silver Requirements, are the most energy-efficient commercial buildings in the surrounding Clark County (according to Clark Public Utilities).

**13) For the mandate you manage for Queen's, what percentage of equity holdings (if applicable) have credible net zero commitments? Please answer on both an equally-weighted and market cap-weighted basis?**

Measuring and monitoring 'Paris Alignment' poses some challenges for the investment community, including those related to differing underlying assumptions of various models/tools and challenges related to the timeliness and accuracy of carbon data as well as the veracity of corporate commitments. Despite these challenges, we support the industry's continued pursuit of improved carbon disclosures and Net Zero/Paris aligned equity strategies. FI has been a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) since 2019, we are assessing the feasibility of becoming a signatory to the Net Zero Asset Managers Initiative, and currently FI offers Net Zero/Paris-aligned strategies, Low Carbon strategies, and a suite of ESG and Impact strategies. Additionally, FI engages with companies to encourage alignment with the Paris Climate Agreement when relevant. Finally, in separately managed accounts we have the capability to include further custom Paris-alignment and Net Zero targets in pursuit of a client's particular climate-related objectives. As of December 31, 2024, in the *FIIG US Small Cap Core* strategy that we manage for Queen's University, 10.23% of equity holdings have credible net zero commitments on an equally-weighted basis, and 7.83% have credible net zero commitments on a market cap-weighted basis[2]. Please note that the *FIIG US Small Cap Core* strategy is not an ESG strategy. In strategies that we manage with an ESG focus, we would expect these data points to be higher.

**14) How do you assess the credibility of a company's emission reduction targets?**

FI utilizes MSCI ESG Research data and tools to measure and monitor the carbon intensity and carbon footprint of individual stocks and individual portfolios. FI assesses the risk of climate change in the portfolio screening process, examining specific climate change sources such as toxic emissions, fossil fuel production, and fossil fuel use. Additionally, FI considers the risk of potential climate related legislation and carbon emissions, primarily by restricting various coal fired utilities and mining companies involved in thermal coal extraction.

FI continually evaluates the stocks held within ESG portfolios for policy compliance, verifying that the companies continue to make and maintain socially responsible business practices aligned with the portfolio's ESG philosophy and objectives. This includes monitoring companies' carbon emissions and targets.

Should FI have concerns about a company's carbon emissions or the credibility of their carbon emissions targets, our Investor Responsibility and Engagement (IR&E) team and Research Analysts would work together to define and measure our concerns, and subsequently craft an appropriate engagement plan. FI is an active owner and frequently engages companies with clearly defined objectives, including goals and milestones to measure progress.

With a company where there were concerns about the credibility of carbon emissions targets, FI would look to engage with the company with the aim to learn more about their reduction targets. This may involve conversations with management and collection of data to support our internal research on the credibility of our concerns. To encourage a real-time, active engagement dialogue, we prefer phone calls or in-person meetings with the company. Our experience shows concerns are usually best resolved by direct, confidential contact with company officials—whether at the board or management level. Escalating an issue beyond that point depends on the materiality of the issue, the company's responses to past communications and whether we believe such engagement is in our clients' best interests.

**15) What forward-looking metrics do you use to assess an investment's alignment with global temperature goals?**

FI considers both direct and transition risks and opportunities on the organization and its primary activities related to investment management. While the direct climate-related risks to the organization are limited, FI does consider such risks throughout the investment process. Within portfolios, for example, FI reviews the impact of climate-related legislation and shifting consumer and investor preferences on country, sector and security decisions, and the firm regularly engages companies in dialogue on climate-related risks and opportunities.

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FI assesses the risk of climate change in the stock selection process, examining specific climate change sources such as carbon emissions, fossil fuel production, and fossil fuel use when deemed material. Within ESG portfolios, carbon-related risks are more directly targeted by restricting various coal-fired utilities and mining companies involved in thermal coal extraction. Furthermore, FI's ESG strategies commonly promote a reduced carbon emissions target of having a portfolio with a weighted average Scope 1+2 Greenhouse Gas (GHG) intensity lower than the benchmark. Within sustainable equity portfolios, FI explicitly targets a carbon footprint reduction relative to a benchmark.

FI continually re-evaluates companies within the ESG portfolio for policy compliance, helping to ensure stocks held maintain socially responsible business practices. Such assessments seek to improve the probability of alpha generation or to support the non-financial objectives mandated by FI's clients.

Additionally, FI has broad capabilities and experience to support Net Zero/Paris-Aligned objectives, and offers Net Zero/Paris-Aligned strategies, Low Carbon strategies, and a suite of ESG and Impact strategies. In doing this we consider both direct and transition risks and opportunities on the organization and our primary activities related to investment management. FI actively engages with companies to encourage carbon disclosures and alignment with the Paris Climate Agreement (when relevant). In separately managed accounts, FI has the capability to include further custom Paris-Alignment and Net Zero targets in pursuit of a client's particular climate-related objectives and global temperature goals. FI is happy to work with existing and prospective separate account clients to launch new investment strategies emphasizing customized ESG solutions.

**16) Has your firm produced a Task Force on Climate-Related Financial Disclosures (TCFD) report? If yes, please provide a link to the most recent report.**

While FI is a supporter of the TCFD, no report is publicly available. FI is happy to partner with clients on producing TCFD-aligned reporting on a strategy level as desired.

**17) Has your firm produced a Sustainability Accounting Standards Board (SASB) report? If yes, please provide a link to the most recent report.**

No.

## DIVERSITY

**18) Please provide the composition of your senior leadership team and board of directors, including women and visible minorities. How do you encourage diversity of perspectives and experience?***

FI's culture heavily values and supports diversity and inclusivity. We consciously hire from all educational and professional backgrounds, across international locations, creating diversity of thought and experience which we strongly believe enhances our operations. While our diversity and inclusion (D&I) work is not complete, we are extremely proud of the progress we have made in a number of areas throughout our organization:

- **Senior Management Team**: 38% identify as women or minority*
- **Management**: 42% identify as women or minority*
- **Global Workforce**: 46% identify as women or minority*
- **Global Portfolio Management Group**: 48% identify as women or minority*

We believe to succeed as a firm we must have an inclusive culture that encourages diversity and fosters an environment where all feel comfortable and supported. An inclusive and supportive culture empowers each employee to build a lifelong career, and ultimately helps the firm in our goal of bettering the investment universe. Embodying these values across our organization is crucial to our vision, culture, and success.

FI maintains a Diversity & Inclusion Team dedicated to the advancement of our D&I program. The Head of D&I leads the team, has overall accountability for the program, and reports to the Chief Executive Officer (CEO) in this capacity. These meetings occur on a regular basis, with the intention to review ongoing initiatives, progress, and to ensure D&I is appropriately resourced and prioritized among the firm's strategic goals. The D&I team is supported by a D&I Advisory Committee, which consists of four other executive members of FI. The D&I Advisory Committee meetings with the D&I team on a monthly basis, providing additional insight, perspective, and support to the program where necessary.

Additionally, we maintain an external partnership with an industry-leading D&I consulting firm, Russell Reynolds Associates, whose role is to support us in the design and implementation of D&I initiatives. This crucial partnership includes an in-depth review of our Talent Management processes (Recruiting, Development, and Retention), and directs possible opportunities to adapt to strengthen and improve existing processes.

Our D&I Team, under the direction of our CEO, sets annual goals for D&I Program advancement. Core components of the Program include: Training, Recruiting, Resources, Communication, Benchmarking, and Employee Lifecycle.

Our D&I Program encompasses a variety of initiatives which include, but are not limited to:

*Our D&I Commitment*

- Our Company Vision Statement reflects our long-term D&I commitment: "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."
- Our "Values in Action" document provides employees tangible examples of our cultural values. Regarding D&I, it states:
    - Actively develop and support diversity and inclusion.
    - Equitably recruit, hire, develop and retain employees with diverse backgrounds and perspectives.
    - Seek diverse perspectives and celebrate differences.
    - Create a place of authentic belonging and inclusion.
- We send out regular firm-wide communications on progress toward our D&I goals.
- We maintain a partnership with an industry-leading D&I consulting firm, who supports us in the design and implementation of D&I initiatives and appropriate benchmarking.
- We maintain a firm-wide Diversity & Inclusion Policy.

*Assessments of Employee Engagement and Inclusion*

- We conduct the annual "Great Place to Work" survey to gather anonymous employee feedback on their experience working at the firm.
- We partnered with an industry-leading D&I consulting firm to administer their Inclusion Index Survey to all employees in 2019, 2020, 2021, and 2022/2023. Employees anonymously completed the survey and assessed factors such as their sense of belonging, workplace respect, organizational fairness, and leveraging different perspectives. Our results have consistently improved since 2019—survey results since 2021 showed we beat our consultant's industry and non-industry benchmarks in all nine workplace inclusion categories measured. We use insights from these surveys to create and prioritize D&I and other human capital related initiatives.
- We use insights from these surveys to create and prioritize D&I and other human capital related initiatives.

*Training*

- We provide mandatory D&I training for all employees, which includes topics such as Introduction to D&I for new employees.
- Inclusive Leadership Workshops for people managers followed by Practical Application workshop sessions to help managers build inclusive teams
- Unconscious Bias training employees followed by Unconscious Bias Discussion Roundtables.
- "Values Differences" discussion guide for managers to cover with their teams to reinforce this core competency.
- "Inclusive Leadership" is an evaluation factor for all manager reviews.
- "Values Differences" is a core competency expected of all employees to help ensure we're hiring and developing employees who value and foster diverse perspectives..

*Talent Acquisition*

Our recruiting program is structured to reach as many qualified candidates as possible. In addition to traditional human capital sources such as colleges and universities, we partner with various organizations and associations to bolster diverse recruitment diversity. We also maintain a dedicated Diversity & Inclusion page on our external careers website (fishercareers.com) to highlight our culture, values, and commitment to D&I; encouraging a diverse applicant pool and making clear that all are welcome.

We partner with 100 Women in Finance, Fairy Godboss, HIVE Diversity, HirePurpose (Veteran Outreach), Hispanic Serving Institutions (HSI) Collaborative, MyGwork (LGBTQ+), and Women in Sales Everywhere.

We focus on widening the top of our recruiting funnel as much as possible to attract as much diversity as possible, from all walks of life, which includes our partnerships with institutions who serve underrepresented groups. For example, we actively seek job applicants from over 60 Historically Black Colleges and Universities (HBCUs). We also seek applicants from over 30 Women's colleges and many other institutions that serve the Hispanic, Native American, Asian American and Pacific Islander communities. We have an initiative to lower entry barriers such as removing a 4-year degree requirement for most roles unless regulatory requirements dictate otherwise. And we are determining ways to make internships more accessible to more students.

*Employee Resources*

- Established a part-time work program available to all employees, globally, along with testing different work-from-home options.
- Expanded resources to provide employees with access to robust emotional health support options globally, including third-party, confidential assistance to help them with a wide variety of life's challenges.
- We facilitate Affinity Groups centered around the following shared interests:
    - GEM (Gender Equality Matters)
    - Mosaic (Race & Ethnicity)
    - Pride (LGBTQ+)\
    - Able (Disabled & Differently-Abled)
    - VET (Veterans Engaging Together)
    - PACT (Parents and Caregivers Together)

  Group participation has been robust, with over 850 employees participating. Participant feedback tells us these sessions are engaging and valuable.
- We celebrate diversity by sharing information about different cultural and religious holidays or commemorations such as Juneteenth, Pride Month, Diwali, and Black History Month.
- We have robust "bridge" training programs to help interested employees develop the skills needed to advance their careers in professional-level, market, and client-facing positions. These are particularly important in cases where the employee does not possess specific financial knowledge required for a role. Bridge Program examples include: Investment Counselor (Client Relationship Management), Sales, and Research. These offerings are part of our robust employee training and development program that has been recognized and awarded by multiple independent, third party organizations, including the Association for Talent Development and Training magazine. These programs include department open houses, skills exploration sessions, career fairs, training programs and role ambassadors who promote our career exploration platforms. In 2023, 1,069 employees participated across these programs—over 300 more than the previous year.

* As of 12/31/2024. FI and its subsidiaries collect gender and ethnicity diversity data on an employee-voluntary basis, in accordance with applicable local laws and regulations. The numerators do not double count (e.g. an ethnic minority female is only counted once). FI and its subsidiaries do not collect ethnicity information for non-US employees; as a result the above numbers likely understate total minority representation. "Managers" defined as Team Leaders, program Managers with direct reports and up. "Senior Management" defined as Senior EVP and up.

## PROXY VOTING

**19) Do you use an external proxy voting service such as ISS or Glass Lewis? If yes, please specify.**

Yes. Institutional Shareholder Services Inc. (ISS) serves as FI's third-party proxy voting service. ISS is one of the largest providers of corporate governance solutions with services that include objective governance research and analysis, proxy voting, and distribution solutions.

**20) If the answer to the previous question is no, please describe your proxy voting guidelines. *(If the answer to the previous question is yes, please indicate "not applicable" and move on to the next question.)***

Not applicable.

**21) If you use an external proxy voting service, do you customize your guidelines for proxy voting? If yes, describe your customized guidelines. If you use the default service guidelines, describe how often and in which situations you deviate from the external proxy voting service recommendations. *(If you do not use an external proxy voting service, please indicate "not applicable" and move on to the next question.)***

Unless a separate account client otherwise instructs us, FI votes in all cases according to the guidelines outlined in FI's Proxy Voting Policy.

Please refer to FI's Proxy Voting Policy in the attachments for its voting procedures. FI requests confidential treatment of this document.

**22) What proportion of the time do you vote with or against management on shareholder resolutions, board appointments, and auditor appointments? What proportion of the time do you vote with or against management on ESG issues? How does this break down for climate, diversity, and remuneration issues?***

Please see the attached Proxy Voting Report outlining FI's proxy voting results over the past year (as of December 31, 2024).

## ENGAGEMENT

**23) What are your engagement goals? Are these goals outcome/action-based (e.g. decreases in emissions or increases in number of women on the board) or means-based (reporting on emissions or number of women on the board)?***

Before undertaking an engagement, FI defines the engagement's objective and a plan for follow up with the company. The objectives include goals and milestones to measure progress, and if they are not met, we re-engage with the company. FI determines on a case-by-case basis whether an outcome/action-based or means-based goal is applicable for a company being engaged. All engagement interactions are documented in the firm's Engagement Tracker, and then using this we produce a quarterly Engagement Report. Please find attached the most recent version of this report (Q4 2024).

**24) What is your policy around the escalation of engagement; how and why might this happen and what is the ultimate tool you might use (e.g. voting against board re-election, etc.)?***

Our experience shows ESG issues are usually best addressed by applying direct, confidential contact with company officials, whether at the board or management level. Thus, we prefer engagement over divestment.

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. The escalation criteria includes the materiality of the issue, the company's record of previous responsiveness, and if escalation serves our clients' best interests. If an escalation is activated, we inform their management of our decision and supporting rationale.

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.

FI takes proxy voting very seriously and have long devoted substantial research and management time and resources to ensuring we make good voting decisions for the firm and our clients. The IPC maintains full responsibility for all voting activity. However, because many proxy issues fall into well-defined, standardized categories, we confidently partner with ISS, an independent, third-party proxy voting service, as a resource in making informed proxy voting decisions. If the views of the IPC vary from ISS as applied to corporate governance standards, FI vote shares in alignment with our view of the best interests of our clients—and not necessarily with management. Voting decisions are directed by our internal evaluation, and may rely on our own company specific research, supported by external research groups and consideration of the views of ISS.

Additionally, we have partnered with ISS to create a custom voting policy consistent with our ESG policies that is available to our clients. FI also provides the option for clients to retain proxy voting capabilities. These options best facilitate the views of FI's investors being represented when casting votes.

**25) Describe a specific example of your firm's engagement with a company over the past year, including the outcome and any lessons learned.**

**Objective**

In Q3 2024, Fisher Investments (FI) engaged a US retail company to gather information on the company's sustainability initiatives; discuss its Scope 3 emissions assessment; discuss efforts to reduce use of single-use plastics and increase visibility among its Tier 2 & 3 suppliers regarding sustainable sourcing and supply chain labor standards.

**Summary**

*Climate Change Strategy*: The company is in the process of assessing its Scope 3 emissions and setting targets in line with the SBTi. The company expects to streamline Scope 3 data in the near-term as it receives more clarity on the regulatory environment and establishes confidence in its methodology for the assessment. The company also noted that most of its suppliers have progressed in terms of their own initiatives to reduce emissions and many of its vendors have implemented renewable energy in operations. We encouraged the company to continue its work on the Scope 3 assessment and look forward to seeing disclosed science-based targets by the end of 2025.

*Sustainable Sourcing*: FI's primary data provider rated the company as lagging peers in its sustainable sourcing initiatives. The company stated that it has a 2027 target of 100% responsible sourcing for directly-procured cotton, which accounts for roughly half of all raw materials. Indirectly sourced materials come from vendors that are required to follow the company's sourcing policies. FI inquired if it also sets these expectations for its Tier 2 and 3 suppliers, and the company noted it is trying to improve visibility and data quality in this area.

*Waste Management*: The company has piloted numerous initiatives to move away from single-use plastics, including various new technologies in its supply chain and logistics network. It recently improved its auto baggers (packaging machines that fill/seal products in bags), which can now package multiple items per bag, to increase efficiency and decrease the amount of plastic being used in operations. It has also recently focused on reducing any excess material in packaging its products.

FI also inquired about the company's initiatives regarding post-consumer use and regenerative agriculture. The company maintains a 2024 50% post-consumer waste (PCW) goal for its North American operations – it is currently looking to increase the number of recycled plastic polybag vendors to achieve the goal. While plastics is the most feasible area to implement improvements in the near-term, it is also investigating options for applying PCW practices for fabrics and other inputs for its operations.

*Supply Chain Labor Standards*: The company is working to increase visibility in its supply chain related to human rights risks. It recently developed a supplier risk scoring program that looks at country risk and commodity risk, among other internal factors in assessing its suppliers. It leverages the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor for the assessment and we encouraged the company to publish more details of this initiative in future reporting. The company also maintains a Social Compliance Audit Program for its suppliers – FI suggested expanding this program to its Tier 2/3 suppliers and the company noted it would do so once data is streamlined amongst these suppliers. The company also has remedial processes in place for suppliers that lag peers in labor management performance – the company prioritizes corrective action in these cases.

**Outcome**

Ongoing engagement. The company has several sustainability initiatives in place and we look forward to the company's continued progress as it sets science-based targets, assesses Scope 3 emissions, and gains more visibility in its supply chain related to environmental data and supply chain labor standards.

## Disclosures

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[1] Fisher Investments (FI) is an investment adviser registered with the Securities and Exchange Commission. As of December 31, 2024, FI and its subsidiaries managed over $430 billion CAD. All assets as of December 31, 2024 in this document are preliminary and subject to final reconciliation of accounts. FI and its subsidiaries consist of three business units – Fisher Investments Institutional Group (FIIG), Fisher Investments US Private Client Group, and Fisher Investments Private Client Group International. The Investment Policy Committee (IPC) is responsible for all investment decisions for the firm's strategies. Investment in securities involves the risk of loss. Past performance is no guarantee of future returns.

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.

Canadian dollar asset values were calculated by using the USD-CAD exchange rate as of the dates indicated. Source: FactSet.

Unless otherwise specified, references to investment professionals, operations personnel, and middle and back office personnel are references to Fisher Investments employees. "We", "our," "us" and "the firm" generally refer to the combined capabilities of Fisher Investments and its subsidiaries.

[2] Source: ESG Manager, "Targets net zero emissions" indicates whether the target aims for "net zero" emissions, as defined by the company. This is a collected, target-level datapoint.