2022 UK Stewardship Code Report

Dodge & Cox®

Foreword 1

Purpose and Governance

Principle 1: Purpose, strategy, and culture 3
Principle 2: Governance, resources, and incentives 10
Principle 3: Conflicts of interest 18
Principle 4: Promoting well-functioning markets 20
Principle 5: Review and assurance 29

Investment Approach

Principle 6: Client and beneficiary needs 33
Principle 7: Stewardship, investment, and ESG integration 37
Principle 8: Monitoring managers and service providers 51

Engagement

Principle 9: Engagement 55
Principle 10: Collaboration 62
Principle 11: Escalation 64

Exercising Rights and Responsibilities

Principle 12: Exercising rights and responsibilities 68

Conclusion 76

Foreword

The current market environment underscores the importance of stewardship—both in how we manage our firm and how we invest our clients' assets.

In 2022, the global capital markets faced a broad set of challenges. Inflation reached levels not seen in decades, energy prices were volatile, and the world grappled with ongoing fallout from the COVID-19 pandemic. The risk of a global recession rose while persistent geopolitical challenges, including Russia's invasion of Ukraine, significantly impacted society and the real economy. At the same time, countries and companies continued exploring ways to mitigate the impacts of climate change and operate in an increasingly digital world. A market environment like this underscores the importance of stewardship—both in how we manage our firm and how we invest our clients' assets.

Amid an increasingly complex macroeconomic backdrop, companies face new challenges as they respond to changing regulations and shifting societal expectations. In an ever-evolving world, we evaluate financially material environmental, social, and governance (ESG) factors to help us better understand the fundamentals of a company. We seek to understand how a company or issuer makes decisions, balances the interests of stakeholders, and manages key risks. In doing so, we pay particular attention to governance structure and practices. We also assess how a company is managing key risks and opportunities related to environmental and social topics, such as climate change, human capital management, and the impact of its products and services. We maintain ongoing dialogue with company management teams and boards, and we engage when it is important to our understanding of a company and the actions it is taking.

We have built our firm to withstand periods of change on the foundation of independent ownership and a commitment to active, value-oriented investing. Since our founding, we have globalised the depth and breadth of our research, the strategies we offer, and the clients we serve. What has not changed is our belief that the combination of deep fundamental research, a long-term investment horizon, and a valuation discipline can produce attractive long-term investment results for our clients. These principles underpin how we view our role as stewards of our clients' investment capital.

We were honoured to be accepted as a signatory to the UK Stewardship Code last year with our inaugural report. In this year's report, we detail our stewardship approach and the specific initiatives we have undertaken in 2022 to enhance stewardship of our organisation and our investment process. Among other initiatives, we formalised our assessment of carbon risk for companies and our evaluation of financially material ESG factors for sovereigns. Our Board of Directors has reviewed and approved this report. We hope it will be of interest to you, and we welcome your feedback and questions.

Sincerely,

Dana Emery
Chair and CEO

Steven Voorhis
Director of Research

Purpose and Governance

Firm Leadership

Dana Emery
Chair and CEO, Investment Committee Member (U.S. and Global Fixed Income)

Roger Kuo
President, Investment Committee Member (International and Global Equity)

Principle 1

Purpose, strategy, and culture

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.

Who We Are

Our founders, Van Duyn Dodge & Morrie Cox, were disillusioned with the conflicts of interest embedded in the investment world of 1930—opaque and expensive schemes designed to benefit brokers and market participants rather than serve their clients' best interests. They saw an opportunity to create a new kind of asset management firm. One deliberately designed to put clients and community before itself. One with a simple business model focused entirely on pursuing investment excellence. One built on a bedrock of independent ownership, integrity, and team stability—so it could serve our clients not just for decades, but for generations.

From our beginnings in San Francisco, Dodge & Cox has become one of the largest independently owned investment firms in the world. We manage money for individuals and institutions globally with a single investment philosophy applied across a focused set of offerings. Undistracted by short-term product trends, advertising, or sales targets, we focus all our resources on doing fewer things better in order to help our clients meet their long-term investment goals. We invest our own savings in the same strategies we offer our clients.

We built our firm on a bedrock of independent ownership, integrity, and team stability.

Our time-tested, active investment approach centres on individual security selection grounded in the relationship between fundamentals and valuation. As persistent and patient investors, we carefully construct portfolios with a long-term horizon. We work as one diverse, global investment team, rigorously researching debt and equity securities, and incorporating financially material ESG and macro factors. Our Investment Committees build conviction for our investments by pressure-testing our thinking collectively and making decisions together. This decision-making process is designed to eliminate individual biases and spur dynamic debate. Our engaging and collaborative environment pushes us to hold one another accountable and pursue continual improvements in our processes and research efforts. This is why our Investment Committee members typically dedicate their entire careers to Dodge & Cox, delivering stability and the accumulation of our intellectual capital across generations. This institutional memory combined with our collaborative approach makes us ideally suited for long-term investing as we continuously seek lasting value in a rapidly changing world.

At Dodge & Cox, we focus on what we love to do: pursuing investment excellence. We know better outcomes mean greater opportunities for the clients and communities we serve, now and for generations to come.

How We Define Stewardship

We believe stewardship has two dimensions: how we manage our firm and how we invest our clients' assets with our time-tested investment approach. Both dimensions are essential for us to achieve our goal of preserving and enhancing our clients' wealth over the long term without taking imprudent risk, which guides our stewardship, investment strategy and decision making. As we describe in this report, our independence, strong corporate governance, client-aligned values, and focus on the long-term drive how we manage our business. As stewards of our clients' capital, we assess how the companies we invest in

For the purposes of this report, we use the term "client(s)" as a general term intended in most instances to refer to both separate account clients and shareholders in our Funds, except where noted.

manage their businesses. Our long-term investment focus enables us to identify how companies are positioned today and critically analyse how they are adjusting their strategy to address changes in the external environment, including regulation and societal expectations. Our clients, which include institutional retirement plans, foundations and endowments, and individuals, entrust us with their assets. We believe creating long-term value for our clients leads to sustainable benefits for the economy and society.

We manage our firm in the same way we make decisions for our investment strategies: we take a collaborative approach based on thoughtful research, a long-time horizon, and alignment with our clients' expectations.

How We Manage Our Firm

We manage our firm in the same way we make decisions for our investment strategies: we take a collaborative approach based on thoughtful research, a long-time horizon, and alignment with our clients' expectations. This consistent approach helps ensure stability, drives continuous improvement, and supports succession planning. Our organisational stability is rooted in our independence, financial strength, and the design of our leadership structure. A deep and experienced group of individuals is responsible for managing the firm, including our investment strategies, stewardship, client service, and operations. As a result of our team-based approach, management succession and transitions have been handled smoothly throughout our more than 90-year history.

Our mission is two-fold:

- Preserve and enhance the purchasing power of our clients' assets without taking imprudent risk or compromising integrity.
- Provide a rewarding and positive work experience for our employees.

As of 31 December 2022, we managed $322.9 billion in assets and had 328 employees across our offices. We make investment decisions and manage our portfolios from our office in San Francisco. Investment team members work together closely to facilitate continual, informal discussions of research and investment ideas. We believe this informal exchange of ideas is crucial to the investment process.

In February 2010, we opened an office in London and established Dodge & Cox Worldwide Investments Ltd.[1], as a way to serve professional investors outside of the United States. This office consists of client service representatives and administrative support. In April 2021, we established an indirect wholly owned subsidiary in Shanghai, Dodge & Cox Investment Consulting (Shanghai) Co., Ltd, to supplement the firm's research capabilities in China. A small number of employees work at our business recovery site in San Ramon, which is located 34 miles from our headquarters in San Francisco.

Our Time-Tested Investment Approach

We strive to help our clients meet their long-term investment goals. We are value-oriented investors who utilise a three- to five-year investment time horizon, which supports low portfolio turnover. We look for opportunities to take advantage of price inefficiencies in the equity and fixed income markets to generate long-term outperformance. We are highly selective in constructing portfolios. We build our portfolios security-by-security from the bottom up, diversify them across sectors, and maintain high active share[2]. We invest with a goal of producing attractive total returns across a range of economic and market scenarios.

As part of our rigorous research, we analyse factors that could materially impact a company's or debt security's long-term value. Within that broader analysis, we believe identifying and monitoring financially material ESG factors helps us assess the full picture of a particular investment's risks and opportunities. We seek to understand a company's or issuer's strategy, governance structures, and commitment to managing for the benefit

[1] Dodge & Cox Worldwide Investments Ltd. is the distributor of the Dodge & Cox Worldwide Funds plc, an Irish-domiciled open-ended investment company, structured as an umbrella fund and regulated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
[2] Active share is a measure of the percentage of holdings in a manager's portfolio that differs from the benchmark index.

of long-term stakeholders. An important part of our investment process is our ongoing dialogue with management teams and boards regarding financially material issues. We engage on issues we deem could be financially material to our investment thesis when it is appropriate to our understanding of a company and the actions it is taking, and we vote proxies for which we have authority where operationally, legally, and reasonably feasible under the terms of our policies.

We have built an integrated equity and fixed income investment team on the cornerstone of our deep, fundamental research process. Our Global Industry Analysts coverage captures the entire capital structure of the companies under review, giving us the depth of understanding crucial for developing a well-informed investment opinion of both credit and equity investments. We apply a similar approach to evaluating fixed income investments such as structured products and government-related securities. We focus on managing a select set of investment strategies: U.S., global, international, and emerging markets equity; balanced; and U.S. and global fixed income. We believe our approach serves as a key source of differentiation and value-add for our clients, enabling us to better understand an investment's potential opportunities and risks.

Our founders believed Dodge & Cox should play an important role in our community and placed a priority on providing their leadership and financial support to a range of community-minded initiatives. Today, we continue that tradition.

We Strive to Be Good Corporate Citizens

We strive to be responsible members of the global communities in which we operate. Our founders believed Dodge & Cox should play an important role in our community and placed a priority on providing their leadership and financial support to a range of community-minded initiatives. Today, we continue that tradition by engaging in charitable giving, employee volunteerism, and initiatives supporting diversity, equity, inclusion, and sustainability.

Charitable Giving and Volunteer Initiatives

Charitable giving and volunteerism are strong elements of our culture. The firm supports non-profit entities centred on providing educational opportunities for young people in underserved communities, helping individuals and families in need, and organisations focused on social justice and global relief. In 2022, our Charitable Giving Committee approved an additional giving pillar to support non-profit entities working to reduce global environmental footprint and/or mitigate climate change through direct action, education, or innovation. Our Charitable Giving and Volunteer Committees organise and support a range of opportunities for employees to make an impact. More than 167 non-profit organisations received hands-on support and/or donations from our firm in 2022. Many of our employees, including our most senior leaders, are actively involved outside of work as board members, provide financial support, and volunteer for non-profits. Dodge & Cox also has a gift matching program which allows employees in the U.S. and UK to have their charitable gifts matched up to a set amount. More than 50% of our employees participated in the gift matching program last year.

Diversity, Equity, and Inclusion (DEI)

Dodge & Cox is committed to cultivating a diverse, equitable, and inclusive workplace. We believe our diverse and inclusive team-based culture helps us make better investment decisions and serve our clients. Our DEI Committee, in partnership with senior leadership, managers, and employees across the organisation, helps us aim higher for even greater impact on our employees and our community. Our key priorities include:

- Enhancing engagement across our firm through education and training.
- Expanding our recruiting pipeline and attracting talent.
- Engaging with clients, consultants, industry organisations, and other third parties.
- Integrating our DEI work with our charitable giving and volunteer initiatives, especially those focused on youth educational opportunities and social justice issues.

As of 31 December 2022

Employees and Firm Ownership [a]

66%
Employees at the firm are women and/or people of colour

54%
Shareholders[b] are women and/or people of colour

1966
First female shareholder

1994
First person of colour shareholder (African American)

Firm Governance [a]

2013
First female named Chief Executive Officer & President of Dodge & Cox

50%
Dodge & Cox Board members are women and/or people of colour

2022
First female Chair of Dodge & Cox

2022
First person of colour President of Dodge & Cox (Asian American)

Management and Investment Process [a]

56%
Senior management roles [c] are held by women and/or people of colour

54%
Investment professionals [d] are women and/or people of colour

48%
Investment committee members [e] are women and/or people of colour

54%
Analysts [f] are women and/or people of colour

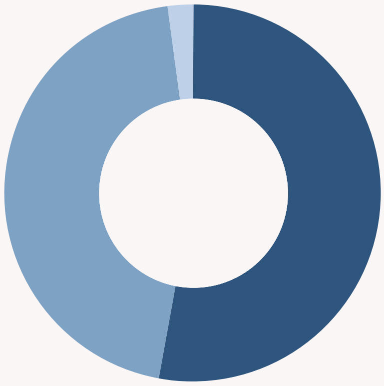
[a]The percentages reported for "women and/or people of colour" are inclusive. We define people of colour as those who identify as American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, or Two or More Races. [b]This is a percentage of total firm shareholders. This does not represent the distribution of the firm's shares among shareholders. [c]Members of the Dodge & Cox Board, Business Strategy Committee, Research Policy Council, Joint Client Service Committee, Operations Committee, and Risk Management Committee. If members overlap among the Committees, each individual is only counted once. [d]Investment and Sector Committee members, analysts, traders, and external client facing professionals. [e]Members of the U.S. Equity, International Equity, Global Equity, Emerging Markets Equity, U.S. Fixed Income, Global Fixed Income, and Balanced Fund Investment Committees, which make investment decisions for our portfolios as a team. If members overlap among the Committees, each individual is only counted once. [f]Members of our Global Research and Fixed Income teams who are responsible for security analysis.

As of 31 December 2022

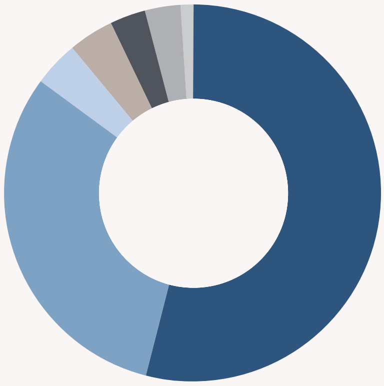
All Employee Representation by Gender and Race/Ethnicity

We request consent from our employees to allow us to provide this information about them. The vast majority of employees at Dodge & Cox have provided their consent to sharing the gender and racial/ethnic categories with which they identify.

Gender



Race / Ethnicity



Totals may not sum to 100% due to rounding.

The diversity of our leadership team reflects our culture of inclusivity and has developed organically over the years.

The diversity of our leadership team reflects our culture of inclusivity and has developed organically over the years. Currently, two members of our seven-member Board of Directors at Dodge & Cox are women: Dana Emery, our Chair and CEO, and Lucy Johns, Senior Vice President and Associate Director of Fixed Income. Diana Strandberg, former Senior Vice President and Director of International Equity, left the Board upon her retirement at the end of 2022 after 34 years at Dodge & Cox. Dana Emery became our first female CEO & President in 2013, and she later became the first female Chair of Dodge & Cox in June 2022. Roger Kuo, a member of our Board since 2016, assumed Dana's role as President of the firm in 2022, the first Asian American and the first person of colour in the position.

We cast a wide net to recruit employees for all levels of the organisation. We hire individuals who have a strong career interest in investment management and exhibit a combination of intellectual curiosity, initiative, and personal integrity. We find that our practice of hiring promising individuals early in their careers is the best way to foster continuity of philosophy, process, and culture. Similar to new recruits, for lateral hires, we look to engage a diverse slate of candidates. Our hiring practices are designed to ensure that new employees exhibit the firm's core values and demonstrate the skills needed for their job responsibilities.

The firm actively seeks to recruit a diverse workforce using online candidate databases, executive recruiters, industry publications, on-campus recruiting, recruiting websites, and internet postings at universities. In addition, we partner with prominent organisations to help us identify a wider range of candidates and provide mentorship and learning opportunities. Since 2018, we have hired 11 interns through Girls Who Invest (GWI), an organisation focused on increasing the number of women in portfolio management and executive leadership in the asset management industry. We also partner with the Ron Brown Leaders Network, a college scholarship and leadership program for Black and African American students who share a dedication to individual excellence, leadership, and public service. Two GWI and one Ron Brown alumni have joined Dodge & Cox full-time. In 2022, we had our most diverse intern class to date and are seeing the benefits from the many years of networking, relationship building, and partnerships with colleges, universities, and other organisations. We recently engaged with Sponsors for Educational Opportunity (SEO)

We also actively engage with peers and industry groups to help us monitor how the industry is evolving and identify areas where we can improve.

and Hispanic Finance Association (HFA), and plan to work with them as recruiting partners starting with the 2023 intern recruiting season. We are also piloting various initiatives in an effort to further reduce unconscious bias in our screening and interview process.

We engage employees and promote continuous learning to further strengthen our culture and inclusiveness. We have partnered with widely respected academic researchers and educators to help our investment team examine the impact of potential bias in group decision-making and provide unconscious bias training to our analysts and managers across the firm. We have provided employees with opportunities for education and informal discussion on DEI topics with members of our DEI Committee. In 2022, our DEI Committee invited an external expert to provide equity fluent and inclusivity workshops to managers, and to employees across the firm more broadly with the aim of promoting overall understanding and consistent themes and language across our organisation.

We also actively engage with peers and industry groups to help us monitor how the industry is evolving and identify areas where we can improve. Our DEI Committee members actively participate in industry groups dedicated to improving DEI in financial services firms, including the Investment Company Institute's Diversity & Inclusion Working Group, the U.S. Institute, Bloomberg's Diversity Initiative, the CFA Institute, and other professional organisations. We collaborate on broad-based initiatives and learn from approaches adopted by other firms. In 2022, we participated for the third time in a third-party survey of investment management firms to help benchmark our DEI programs and outcomes compared to peers. While we recognise we have more to do, as a firm and as an industry, we are encouraged by our company standing and the progress we have made so far.

Corporate Sustainability

Dodge & Cox has contributed to sustainability efforts for many years through our own actions and by encouraging the participation of our employees. Examples include incentivising employees to use public transit through our commuter benefits program and working out of LEED- (Leadership in Energy and Environmental Design) certified buildings in the United States and Shanghai and a BREEAM- (Building Research Establishment Environmental Assessment Method) certified building in London. We built on these efforts by eliminating plastic water bottles in the office, using compostable or reusable utensils and dishware in office kitchens, reducing paper usage, and working with our facilities team and building management to identify ways to reduce energy usage. We also look for opportunities to provide our employees with more information on the most effective ways to recycle, compost, and leave a smaller footprint by inviting external experts to talk to interested employees. We are in the process of institutionalising many of the sustainability benefits we experienced during the pandemic, including reducing our paper consumption by establishing digital processes for internal and external information exchanges, reducing employee commutes with a hybrid 3:2 work model where employees have the option of working remotely twice a week, and being intentional about when and how we travel for work. In 2022, we also started the process to estimate our firmwide greenhouse gas emissions and are exploring options to reduce and/or offset our emissions.

Our Corporate Sustainability Committee is charged with coordinating initiatives aimed at reducing our environmental footprint. The Committee approves and monitors progress on initiatives, facilitates employee engagement, and communicates sustainability priorities to the organisation. The Committee also coordinates with our Charitable Giving, Volunteer, and DEI Committees as relevant to ensure alignment of purpose. In 2022, we formed our Sustainability Action Group, which is responsible for proposing and executing firmwide sustainability priorities and initiatives approved by the Committee. The action group is comprised of individuals from across the organisation who have demonstrated an interest in advancing the firm's sustainability efforts. Members of the group rotate periodically to ensure broad representation of perspectives.

Managing the Firm for Our Employees

We seek to provide a rewarding and positive work experience for our employees by cultivating a collaborative and inclusive culture. Our culture fosters long-term career development, mutual respect, and team decision making. We offer training, mentorship programs, and a wide array of generous benefits that help employees feel supported in their roles and well cared for outside of work. We began operating in a 3:2 hybrid working model in 2022, whereby staff work in the office Tuesdays through Thursdays and have the option of working remotely on Mondays and Fridays. Our 3:2 hybrid working model enables us to maintain and strengthen our culture while offering greater flexibility to our employees. In addition, we encourage employee feedback on a range of areas through pulse surveys, informal team check-ins, and lunch & learn sessions to provide updates on various firmwide initiatives.

Dodge & Cox recognises the long-term commitment employees make to our firm and encourages a healthy work/life balance. The firm offers attractive vacation and sabbatical programs, allowing employees time away from the office to rejuvenate and, in many cases, spend time with family. The firm also has a sick leave policy designed to support employees dealing with their own or a family member's serious health issues. Additionally, Dodge & Cox has a firmwide, paid parental leave policy that reflects the organisation's values and complies with or exceeds all applicable laws. For employees with children or are caring for parents, Dodge & Cox fully subsidises a back-up care program. From the end of 2021 through 2022, we also offered over 80 unique trainings to all or various subsets of employees based on job role, including sessions focused on mental health, anti-harassment, emotional intelligence, and equity fluent workshops.

We measure success in terms of our ability to deliver attractive long-term performance to our clients.

Serving the Best Interests of Clients and Beneficiaries

We measure success in terms of our ability to deliver attractive long-term performance to our clients. We believe it is our job to help our clients meet their financial goals by adhering to our time-tested investment approach, which centres on fundamental research, value-oriented security selection, and company engagement. Our firm is owned entirely by active employees, so we do not need to focus on generating short-term returns for external shareholders. Instead, we concentrate on carefully managing investment portfolios, keeping our costs low, and investing in our business to continue meeting our clients' needs and enhancing our investment capabilities over time. We believe evaluating financially material ESG factors helps us better understand a company's or bond issuer's potential risks and opportunities, and that our approach to stewardship responsibilities is an important part of our investment process.

In 2021, Dodge & Cox was the winner of the U.S. Morningstar Award for Investing Excellence under the category of Exemplary Stewardship. The Exemplary Stewardship award recognises firms with long track records of putting investors' interests first.

> *Dodge & Cox stands out for its singular approach to investing; specifically, its value-oriented, often contrarian, investment style that considers a company's entire capital structure has helped define the seven stock and bond mutual funds it has launched. The firm boasts a pristine reputation that helps it attract talent and has produced stable investment teams that build portfolios through teamwork and consensus. Overall, its strategies have delivered impressive long-term performance.*

Principle 2

Governance, resources, and incentives

Signatories' governance, resources, and incentives support stewardship.

Our strong governance structure guides our ESG integration and stewardship efforts.

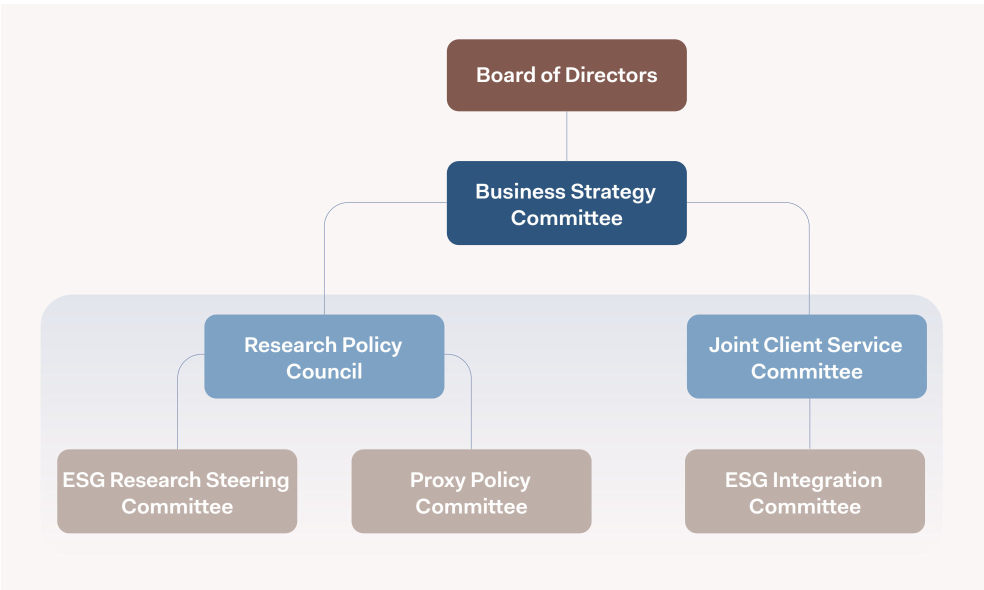
Governance: How We Manage and Support Our Stewardship Responsibilities

As part of our investment process, we consider ESG factors, along with other factors, to determine whether they are likely to have a financially material impact on a company or issuer's risks and opportunities. We view ESG factors as financially material when they are likely to affect the long-term value of a company or an issuer's ability to fulfil its debt obligations. We refer to this approach as ESG integration. Our ESG integration process in combination with our proxy voting and company engagement are key elements of our stewardship approach.

Our strong governance structure guides our ESG integration and stewardship efforts. Our Director of Research oversees and sets the direction for our ESG integration approach, in collaboration with our Research Policy Council, which is a group of senior investment leaders—including our Chief Executive Officer (CEO) and Chief Investment Officer (CIO)—who support the firm's investment team and long-term resource needs. Analysts across our integrated equity and fixed income investment team are responsible for incorporating financially material ESG factors into their ongoing research and analysis, as well as engaging with companies when we believe a certain issue is significant to our investment thesis. Our collective investment decision-making process enables us to incorporate a range of perspectives on ESG considerations.

At the firm level, our Business Strategy Committee monitors and evaluates opportunities and challenges facing our overall business. The Committee, which includes all members of Dodge & Cox's Board of Directors and Research Policy Council, as well as other senior business leaders, is responsible for establishing the direction of our ESG practices with support and guidance from our ESG Research Steering, Proxy Policy, and ESG Integration Committees.

ESG Governance Structure



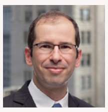
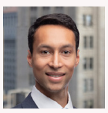
Our Collective Decision Making

In line with our team-based culture, we have two ESG Committees, as well as our Proxy Policy Committee, that drive our ESG-related initiatives. The Committee structure helps promote collaboration with our ESG professionals and individuals in various departments so that our ESG efforts are integrated across the firm. Please see below for a description of our ESG Research Steering, ESG Integration, and Proxy Policy Committees. The following tables outline the seniority, experience, and diversity of the Committees' members.

ESG Research Steering Committee

Our ESG Research Steering Committee works to formalise and further develop the ways in which we integrate ESG factors into our investment process. We established this Committee in 2021 because we recognised that ESG data, analytical tools, and best practices are evolving and cut across sectors. Its members evaluate new data sources, build analytical tools, and suggest process improvements to help our investment team evaluate ESG factors and examine how they may be priced into valuations. The Committee reports to our Research Policy Council and is led by our Director of Research, Steven Voorhis.

Our ESG Research Steering Committee works to formalise and further develop the ways in which we integrate ESG factors in our investment process.

		Industry Experience (years)	Firm Tenure (years)	Board and Business Committees*	Investment Committees
	**Dana M. Emery, CFA** Chair and CEO	39	39	D&C Board, BSC, RPC, JCSC	U.S. Fixed Income, Global Fixed Income
	**Steven C. Voorhis, CFA (Chair)** Director of Research	28	26	WWF Board, BSC, RPC	U.S. Equity, Global Equity
	**Amanda L. Nelson** Global Industry Analyst	26	22		
	**Matthew B. Schefer, CFA** Fixed Income Analyst	16	14		Global Fixed Income, Balanced
	**Sonia F. Lurie** Proxy Manager, Proxy Officer	13	11		
	**Tory H. Sims, CFA** ESG Integration Analyst	8	6		
	**Raja Patnaik, Ph.D.** Portfolio Strategy Analyst	5	3		
	Average of industry and firm tenure	**19**	**17**		
	Percentage of women and/or people of colour	**71%**			

*Board and Business Committees:

D&C Board:
Dodge & Cox Board of Directors

WWF Board:
Dodge & Cox Worldwide Funds plc Board of Directors

BSC:
Business Strategy Committee

RPC:
Research Policy Council

JCSC:
Joint Client Service Committee

This is not an exhaustive list of committees at the firm, individuals may be involved in others not listed.

ESG Integration Committee

Our ESG Integration Committee evaluates how clients' expectations and asset management industry trends regarding ESG continue to evolve. This Committee began as a working group in 2017 and was formalised in 2021. Its members collaborate across departments to advance firmwide ESG initiatives, guide our client communication efforts on our ESG integration approach, analyse ESG industry and regulatory trends, and advocate for business enhancements as needed. The Committee reports to our Business Strategy and Joint Client Service[3] Committees and is led by our ESG Integration Analyst, Tory Sims.

Our ESG Integration Committee evaluates how clients' expectations and asset management industry trends regarding ESG continue to evolve.

		Industry Experience (years)	Firm Tenure (years)	Board and Business Committees*	Investment Committees
	**Stephen A. Haswell** Managing Director, Dodge & Cox Worldwide Investments Ltd.	29	2	WWF Board, JCSC	
	**Steven T. Gorski** Director of Client Service	28	28	BSC, JCSC	
	**Sonia F. Lurie** Proxy Manager, Proxy Officer	13	11		
	**Caitlyn C. Phan** ESG Client Portfolio Analyst	13	6		
	**Laurence V. Reeves** Client Service Operations Associate, Dodge & Cox Worldwide Investments Ltd.	13	6		
	**Tory H. Sims, CFA (Chair)** ESG Integration Analyst	8	6		
	**Doug M. Silverman** Head of Client Reporting and Internal Client Service	6	6		
Average of industry and firm tenure		**16**	**9**		
Percentage of women and/or people of colour		**57%**			

*Board and Business Committees:

WWF Board:
Dodge & Cox Worldwide Funds plc Board of Directors

BSC:
Business Strategy Committee

JCSC:
Joint Client Service Committee

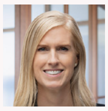
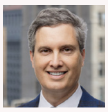
This is not an exhaustive list of committees at the firm, individuals may be involved in others not listed.

[3] Our Joint Client Service Committee oversees and coordinates the firm's client service effort across departments and strategies. The Committee reviews the use and allocation of internal resources, evaluates the firm's communication efforts, and seeks to identify and understand industry trends that affect our clients.

Proxy Policy Committee

Our Proxy Policy Committee oversees our proxy voting process and policy. The Committee was formed over 15 years ago to annually review and update our Proxy Voting Policy as needed. The Proxy Officer or delegate updates the Committee with developments on important issues related to proxy voting as they occur. The Proxy Officer and other members of the Proxy and Governance team review key votes and provide a summary of issues and high-profile meetings to the Proxy Policy Committee annually. The Committee reports to our Research Policy Council and is led by our Proxy Officer, Sonia Lurie.

Our Proxy Policy Committee oversees our proxy voting process and policy.

		Industry Experience (years)	Firm Tenure (years)	Board and Business Committees*	Investment Committees
	**Roberta R.W. Kameda** General Counsel	33	16		
	**Steven C. Voorhis, CFA** Director of Research	28	26	WWF Board, BSC, RPC	U.S. Equity, Global Equity
	**Roger G. Kuo, CFA** President	27	24	D&C Board, BSC, RPC	International Equity, Global Equity
	**Katherine M. Primas** Chief Compliance Officer	26	17		
	**John N. Iannuccillo, CFA** Global Industry Analyst	25	25		
	**Lily S. Beischer, CFA** Global Industry Analyst	21	21		Global Equity
	**Arun R. Palakurthy, CFA**** Global Industry Analyst	18	14		
	**Megan A. O'Keeffe, CFA** Compliance Officer	17	17		
	**Sonia F. Lurie (Chair)** Proxy Manager, Proxy Officer	13	11		
Average of industry and firm tenure		**23**	**19**		
Percentage of women and/or people of colour		**78%**			

** Arun R. Palakurthy joined the Proxy Policy Committee in January 2023. Diana S. Strandberg was on the Committee in 2022 until her retirement on 31 December 2022 after 34 years at Dodge & Cox.

*Board and Business Committees:

D&C Board:
Dodge & Cox Board of Directors

WWF Board:
Dodge & Cox Worldwide Funds plc Board of Directors

BSC:
Business Strategy Committee

RPC:
Research Policy Council

This is not an exhaustive list of committees at the firm, individuals may be involved in others not listed.

Oversight and Reporting Structure

Our ESG and Proxy Committees typically report to groups that include our highest level of senior management on an annual basis. In accordance with our oversight structure, our Director of Research and ESG professionals presented to our Business Strategy and Joint Client Service Committees in 2022 to provide an update on the ESG industry and regulatory landscape, as well as our ESG-related initiatives. In 2022, members of our ESG Research Steering Committee also presented our more formalised Carbon Risk Assessment to our Research Policy Council for approval before rolling it out to our investment team. Our Proxy Officer also presented proposed changes to the Proxy Voting Policy on behalf of the Proxy Policy Committee to the Board of the U.S.-domiciled Dodge & Cox Funds for their approval.

Many individuals across the firm work on ESG-related research and initiatives.

Our Dedicated ESG Professionals

Many individuals across the firm work on ESG-related research and initiatives, including our investment team, members of our ESG and Proxy Committees, and individuals on our Client, Communications, Information Technology, Data, Legal, and Compliance teams. Five ESG professionals, including our ESG Integration Analyst, ESG Client Portfolio Analyst, and the three members of our Proxy and Governance team, are primarily focused on the firm's ESG efforts. Our ESG professionals have an average of 10 years of industry experience and 5 years of tenure at Dodge & Cox. We will hire an additional full-time employee in 2023 to work alongside our ESG Integration Analyst and support our ESG research initiatives.

Tory Sims, *Vice President, ESG Integration Analyst*

Tory partners with our investment team to support our Global Industry and Fixed Income Analysts' ESG research efforts and leads our firmwide ESG integration initiatives. Prior to joining Dodge & Cox in 2016, she was an associate environmental engineering consultant on air quality issues. Tory is a CFA charterholder.

Caitlyn Phan, *ESG Client Portfolio Analyst*

Caitlyn partners with our Client Reporting team on ESG-related client communication initiatives and manages reporting under ESG standards and frameworks. Prior to joining Dodge & Cox in 2016, she was a client associate and relationship manager for six years at an ESG-focused investment management firm.

Sonia Lurie, *Vice President, Proxy Manager and Proxy Officer*

Sonia joined Dodge & Cox in 2011 and has worked on the proxy voting process since 2013. She works with our Global Industry Analysts and the Proxy Policy Committee to execute the hundreds of proxies we vote on behalf of our clients and fund shareholders each year. Prior to joining Dodge & Cox, Sonia worked as a senior underwriter.

Michael Lovette, *Proxy Analyst*

Michael works on executing and reporting on our proxy voting activities. Michael joined the firm in 2019 with seven years of prior ESG experience, including work on executive compensation, proxy and corporate governance research.

Evania Liu, *Proxy Analyst*

Evania works on executing proxy voting activities and reporting on investment stewardship activities. Evania joined the firm in 2021 with five years of prior ESG experience, including work on corporate social responsibility, corporate governance, and executive compensation.

We develop our investment team's understanding of ESG factors by providing resources and guidance to help them consider financially material ESG factors in the investment process, as well as proxy voting and engagement.

How We Train Our Teams

We develop our investment team's understanding of ESG factors by providing resources and guidance to help them consider financially material ESG factors in the investment process, as well as proxy voting and engagement. Our Director of Research, ESG Integration Analyst, and Proxy Officer provide periodic guidance to our investment team on evolving industry trends and refinements to research tools. Our investment team will also discuss more thematic ESG topics that cut across sectors to evaluate macro trends and how they may impact our investments.

Our Global Industry Analysts leverage a broad array of research resources and data to stay up to speed on ESG developments within the companies and industries they cover. In 2022, we held the following training and information sharing sessions for our investment team:

Proxy Voting

Our Proxy Officer presented to our investment team twice to discuss various proxy voting topics, including Say on Climate proposals and Universal Proxy Card.

ESG Regulatory Landscape

Our ESG Integration Analyst gave an update to the investment team on the U.S. Securities and Exchange Commission (SEC) proposed rule for corporate climate-related disclosures. The purpose of this presentation was to provide our analysts with background on the proposed rule and how it could impact the companies we invest in, as well as solicit feedback from analysts on the proposal so we could share their comments with industry groups, such as the Investment Company Institute (ICI) and Securities Industry and Financial Markets Association (SIFMA), that were writing comment letters in response to the proposed rules.

Climate Change/Energy Transition

A group of Global Industry Analysts covering companies in the energy and industrial sectors met to discuss various aspects of the global energy transition. Specifically, our analysts presented on the cost of renewables, the growing market share of electric vehicles and battery costs, and our oil demand outlook. Analysts discussed these market trends, exploring how they could impact the companies we currently invest in and whether they present any potential investment opportunities.

Our Director of Research, ESG Integration Analyst, and other members of our ESG Research Steering Committee presented our new Carbon Risk Assessment to our investment team. They provided an overview of the data and framework our Global Industry and Credit Research Analysts could use to assess a company's carbon risk and provided some background materials on climate change. Please see Principle 7 for additional details.

Our Director of Research and ESG Integration Analyst also held a training session specifically for our Research Associates, who work directly with each of our Global Industry and Credit Research Analysts, to review both the Carbon Risk Assessment and ESG Risk Framework.

Fixed Income

One of our Credit Research Analysts provided an update on ESG-labelled bonds to our U.S. Fixed Income Investment and Credit Sector Committees. The presentation provided an overview of the different types of ESG-labelled bonds (use of proceeds vs. sustainability-linked), the growth of ESG-labelled bond issuance, the "greenium", and Dodge & Cox's investments in ESG-labelled bonds.

Our Macro team provided an overview of our newly launched Sovereign ESG Framework to our Macro Committee and Global Fixed Income Investment Committee. They outlined the framework and takeaways from the individual country analyses.

Trainings Beyond Our Investment Team

Our ESG professionals present to our Client Service team each year to provide relevant updates and training. In 2022, we provided an update on our ESG journey, the regulatory landscape, revised ESG Policy Statement, and messaging guidelines. Further, our ESG Integration Analyst and our ESG Client Portfolio Analyst conducted a session with our RFP (Request for Proposal) and Reporting team, which responds to client questionnaires on a variety of topics including ESG, to provide additional guidance on our ESG communication and messaging. In all sessions, we encouraged engagement and reiterated open lines of communication with our ESG team.

Our ESG professionals also regularly meet with members of our Legal and Compliance teams to discuss evolving ESG industry trends. We had several sessions in 2022 with outside legal counsel to get updates on the ESG regulatory environment in Europe, the UK, and the U.S. Our outside legal counsel also provided an update on the SEC regulatory agenda, including the proposed ESG regulations, to our Business Strategy Committee, Legal team, and relevant business stakeholders.

In addition to internal ESG training and development, our ESG Integration Analyst, ESG Client Portfolio Analyst, Proxy Officer, and other individuals at the firm, regularly meet with ESG data providers and sell-side analysts, attend industry events and conferences, meet with peers, and review ESG-related news and research.

We believe a firm with talented and long-standing employees who are committed to our investment approach best serves our clients.

Remuneration and Incentives

Remuneration of all employees of Dodge & Cox is based on a number of factors, including the individual's long-term contribution to the firm and the firm's profitability within the given year. We use a qualitative process based on inputs from managers, peers, and department heads. We regularly evaluate our pay decisions to ensure we are in line with our values as well as fair pay laws. We complete a fair pay study annually to ensure equitable fair pay practices across individuals who perform similar roles within the firm.

Consistent with our obligation to act in our clients' best interests, no one at Dodge & Cox is directly remunerated for bringing in new business. We believe a firm with talented and long-standing employees who are committed to our investment approach best serves our clients. Our remuneration structure is designed to emphasise the success of the firm, rather than that of any one individual, and rewards employees' contributions to the firm over longer periods. In the case of our investment professionals, we consider the investment performance of the portfolios we manage to be the product of the entire team. We believe this approach enables every portfolio to benefit from the entire firm's best efforts. Importantly, the firm's success is closely linked to achieving our clients' objectives. Our Investment Committee members own shares in the Dodge & Cox Funds[4]. Remuneration for U.S. employees includes annual contributions to our profit-sharing retirement plan. While several low-cost unaffiliated funds are included as investment options, most employees have individually chosen to invest the majority of their assets in the plan in the Dodge & Cox Funds.

100%

We are 100% owned by active employees, consistent with our founders' vision.

We are 100% owned by active employees, consistent with our founders' vision. Key professionals can become shareholders of the firm. We believe this is a powerful means of attracting and retaining high-calibre employees, and it has contributed to our employees' long tenure—an average of 9 years for all employees and 19 years for Investment Committee members as of 31 December 2022.

For our investment professionals, integration of financially material ESG factors in their analysis is typically discussed as one of many topics in their annual performance review. For our ESG professionals, achieving our ESG goals is a primary topic of discussion in their performance reviews. In addition, individuals who are members of the ESG and Proxy

[4] Note that our Investment Committee members are based in the United States and are invested in our U.S.-domiciled mutual funds. They are ineligible to invest in our Irish-domiciled UCITS funds, which are limited to investment by qualified non-U.S. investors.

Committees described in Principle 2, and other individuals across the firm who contribute to our ESG efforts, including our Legal, Compliance, and Communication teams, may be recognised for their work on ESG initiatives as a component of their annual performance review. Our remuneration policy is not metrics-based, and as such we do not have formal ESG compensation metrics or targets.

As part of our investment process, our analysts evaluate ESG-related data and research from a variety of sources.

How We Use Service Providers

As part of our investment process, our analysts evaluate ESG-related data and research from a variety of sources. While we use third-party ESG data providers and analytical tools as inputs in our investment research and proxy voting processes, investment decisions are based on the judgement and analysis of our investment professionals, not on outside recommendations. Our ESG professionals, in collaboration with members of our ESG and Proxy Committees, assess the adequacy of our existing ESG research resources and advocate to add additional resources as needed. Currently we use a variety of different data sources because it enables us to gather and assess different perspectives, metrics, and ratings methodologies on important ESG topics. This is particularly important for ESG research because ESG risks and opportunities can be challenging to quantify and measure. As such, different ESG data providers have their own unique models and methodology. Please see Principle 8 for more detailed information on our providers, as well as how we use and monitor them.

We Continue Evolving Our ESG Integration Approach

Key Actions and Planned Initiatives

We believe we have the governance structure in place to provide oversight and set the direction for our ESG and stewardship efforts.

Our ESG and Proxy Committees, in partnership with senior leaders of the firm, continue to identify ways we can further develop our ESG practices and processes with the goals of improving both our investment capabilities and client experience. We summarise key actions in 2022 below, which we describe in greater detail in this report.

- Updated our ESG Policy Statement;
- Updated our Proxy Voting Policy;
- Became a signatory to the UK Stewardship Code;
- Launched a formalised Carbon Risk Assessment for companies and corporate issuers;
- Rolled out a Sovereign ESG Framework;
- Communicated our ESG integration approach on our public website;
- Onboarded Sustainalytics and Empirical ESG Research as new data sources;
- Continued updating our ESG client materials; and
- Developed our internal compliance ESG rules.

Some of our planned initiatives for 2023 include:

- Centralising our key internal and external ESG research resources to support our investment research and decision making;
- Expanding our analysts' access to company workforce metrics, including headcount trends, turnover, and employee sentiment;
- Developing processes to improve our tracking and reporting on engagements; and
- Continuing to build our ability to report on key ESG and carbon-related metrics for clients, as well as produce additional client materials to further communicate our ESG approach.

Principle 3

Conflicts of interest

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

Our focus on the long-term success of our clients, rather than sales or asset gathering, means our culture is also rooted in compliance.

A Culture of Compliance

As an employee-owned firm, our independence enables us to make both investment and business decisions that we believe serve the best long-term interests of our clients. This focus on the long-term success of our clients, rather than sales or asset gathering, means our culture is also rooted in compliance. Throughout our history, our focus has been on serving our clients without the distraction of business practices that can create conflicts of interest. For example, Dodge & Cox does not engage in activities such as offering performance-based fees, managing or offering hedge funds, utilising solicitors, using trailer fees or third-party marketers, providing non-investment services, or compensating employees based on sales.

Dodge & Cox maintains comprehensive compliance policies and procedures that are designed to address conflicts of interest, prevent and detect violations of securities laws and regulations, and help maintain our firm's strong reputation. Together with an overview of our business and fees, these policies and procedures are summarised in Dodge & Cox's Form ADV, the filing used by investment advisers in the United States to maintain registration with the U.S. Securities and Exchange Commission (SEC). The Form ADV is a public document that is updated annually and can be found on the Investment Adviser Public Disclosure website maintained by the SEC and on our U.S. website.

Upholding Our Code of Ethics

Dodge & Cox also maintains and enforces a Code of Ethics that complies with applicable securities laws and regulations and reflects the firm's fiduciary duties to its clients. Our Code of Ethics requires that all employees place our clients' interests first and avoid or disclose any potential conflicts of interest.

Our Compliance team updates our Code of Ethics annually, and more frequently as needed. A member of our Compliance team meets with all new employees to review their obligations under the Code of Ethics as well as other key compliance procedures. Within 10 days of commencing employment, and annually afterwards, all employees must certify that they understand and agree to comply with the Code of Ethics, which includes the following principles:

- Place the interests of clients first at all times;
- Avoid taking inappropriate advantage of their positions;
- Keep confidential non-public information concerning the identity of investment holdings and client information;
- Follow all procedures intended to maintain the independence of the firm's investment decision-making process;
- Conduct all personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility and in compliance with the Code of Ethics, including all disclosure, certification and pre-clearance requirements; and
- Act in a manner that preserves Dodge & Cox's reputation for honesty and integrity.

All employees are also required to attend an annual compliance meeting where members of senior management remind employees of the importance of our Code of Ethics, our mandatory compliance requirements, and other key compliance policies and procedures. Our Compliance team also hosts regular office hours to review topics covered in the Code of Ethics.

Identifying and Resolving Conflicts of Interest Related to Proxy Voting

We maintain a policy of voting proxies in a way that we believe best serves the interests of our clients in their capacity as shareholders of a company. We are sensitive to conflicts of interest that may arise in the proxy decision-making process—for example, when:

- Proxy votes regarding non-routine matters are solicited by an issuer who has an institutional separate account relationship with Dodge & Cox;
- A proponent of a proxy proposal has a business relationship with Dodge & Cox (e.g., an employee group for which Dodge & Cox manages money);
- Dodge & Cox has business relationships with participants in proxy contests, corporate directors, or director candidates;
- A Dodge & Cox employee has a personal interest in the outcome of a particular matter before shareholders (e.g., a Dodge & Cox executive has a relative who serves as a director of a company); or
- A member of the Dodge & Cox Funds Board of Trustees[5] is a director of a public company held by the Funds.

Dodge & Cox is committed to identifying and resolving conflicts in our clients' best interests.

Dodge & Cox is committed to identifying and resolving conflicts in our clients' best interests. If a proxy voting proposal gives rise to a material conflict of interest, and the proposal is not addressed by the policies and procedures, the Proxy Officer or delegate may escalate the issue to the Proxy Policy Committee who will consult Dodge & Cox's Chief Compliance Officer (CCO) and senior management. The Proxy Policy Committee, CCO, and senior management may consult with an independent consultant or counsel to resolve material conflicts of interest.

Addressing a Potential Conflict

Anonymous Holding

Potential Conflict: In both 2021 and 2022, a member of the Dodge & Cox Funds Board of Trustees was renominated as a director of a public company held as an investment by one of the Funds.

Resolution: To address potential conflicts of interest, Dodge & Cox elected to vote the shares held by the Dodge & Cox Funds in proportion to other company shareholders (an "echo vote"). After prior consultation with outside legal counsel, we determined that an echo vote allowed us to avoid expressing a view on this director's re-election while permitting the shares held by the Dodge & Cox Funds to be counted for the purposes of a quorum.

We did not identify other material conflicts of interest related to proxy voting in 2022.

[5] The Dodge & Cox Funds are governed by a Board of Trustees. The Trustees' primary responsibility is oversight of the management of each Fund for the benefit of its shareholders, not day-to-day management. The Trustees set broad policies for the Funds; review and approve key contracts between the Funds and service providers, including the Funds' investment manager; monitor Fund operations, service providers, regulatory compliance, performance, and costs; and nominate and select new Trustees. Dodge & Cox manages the day-to-day operations of the Funds under the direction of the Board of Trustees.

Principle 4

Promoting well-functioning markets

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

We believe a well-functioning financial system that appropriately addresses market risk is important to maintain investor confidence. We work to promote well-functioning financial markets through our active investment philosophy, our approach to identifying and responding to market and systemic risks, and our involvement in industry groups.

We believe our active investment approach helps contribute to well functioning markets because we are valuation driven, focused on the long-term, and recognise the importance of good governance.

Promoting Well-Functioning Markets Through Active Management

At Dodge & Cox, we actively manage a focused set of investment strategies. In building our portfolios, we conduct thorough research to identify opportunities where we determine the fundamental value of an investment is not reflected in the current stock or bond price. Our goal from this research is that the price of a security will increase over time to better reflect our perceived value of the investment in combination with dividends or income, resulting in an attractive total return.

Several academic studies support the idea that active investing helps promote well-functioning markets. For example, in a paper published in the *Journal of Investment Management*[6], Russ Wermers says:

> *"The scholarly literature indicates that active management contributes to market efficiency, thereby providing positive externalities for all investors, including investors in passively-managed funds."*

Wermers further explained how active investment managers help correct mispricing of securities in the market, serve as liquidity providers, and are generally more incentivised to promote strong corporate governance. Along these lines, we believe our active investment approach helps contribute to well-functioning markets because we are:

- **Valuation Driven:** We aim to purchase securities when they are at a lower valuation and sell when they are at a higher valuation, which helps generate market liquidity and reduce market inefficiencies.
- **Focused on the Long Term:** We generally take longer-term positions to provide time for our investment theses to play out, which helps promote stability in the markets compared to trading day-to-day based on volatile price moves.
- **Recognise the Importance of Good Governance:** We maintain an ongoing dialogue and selectively engage with company management teams and board members on their governance practices, as well as other topics and issues relevant to our investment theses.

[6] Wermers, Russ. "Active Investing and the Efficiency of Security Markets." Journal of Investment Management, Vol. 19, No. 1, (2021), pp. 5-24.

In our experience, patience and persistence through turbulent markets are often rewarded in the long term.

Identifying and Responding to Market-Wide and Systemic Risks

Understanding market-wide and systemic risks is an important part of our investment process. Macroeconomic factors can be a driver of asset returns, both in normal times and in periods of economic volatility or crisis. In 2022, the global capital markets faced a broad set of challenges. In the United States, the Federal Reserve aggressively tightened monetary policy as inflation rose to levels not seen in decades, and central banks in Europe and the UK followed suit. Recession risks rose while persistent economic and geopolitical challenges, including the COVID-19 pandemic and Russia's invasion of Ukraine, also weighed on markets.

Dodge & Cox has navigated many challenging periods since its founding in 1930, including the market crash of 1987, the dotcom bust, the Global Financial Crisis, and the more recent COVID-19 pandemic. In our experience, patience and persistence through turbulent markets are often rewarded in the long term. Amid challenging markets, we maintain our consistent and disciplined investment approach. We leverage our extensive knowledge of the securities, issuers, and sectors in which we invest to assess risks and identify opportunities, while maintaining our strict focus on valuation. Our alignment with our clients' investment objectives, our independence and strong financial position, and our experienced and long-tenured investment team help us stay focused on the long term. This is a core part of our investment process and how we navigate market and systemic risks even through challenging economic environments.

Analysing the Macroeconomic Environment

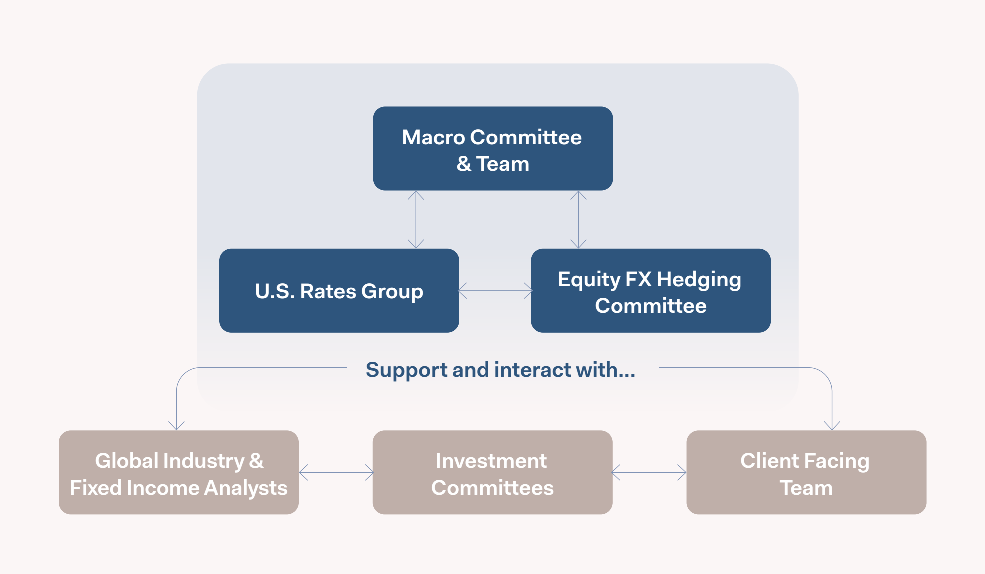
We complement our rigorous, bottom-up company and issuer research with in-depth analysis of macroeconomic inputs. We take a probabilistic view of the world and assess how a range of macro-outcomes could impact valuations of individual securities over a multi-year time horizon. Rather than relying on a single point forecast, our process involves active debate and stress testing under a range of potential outcomes with inputs from individuals across our equity and fixed income teams.

In 2022, we evaluated a range of macroeconomic factors, including:

- Central bank decision-making
- Inflation outcomes
- Recession risks
- Post-COVID trends such as the impact on labour markets and remote work
- Geopolitical risks, including the Russia-Ukraine war and China-Taiwan tensions
- Elections and political cycles
- China's structural transformation
- Commodity prices, including both near-term supply shocks and longer-term implications of the energy transition and decarbonisation
- Demographic and other structural issues
- Supply chain diversification
- Technological change and digitalisation

Our Macro Committee and team, U.S. Rates Group, and Equity FX Hedging Group work in tandem with our Global Industry and Fixed Income Analysts and Investment Committee members to identify how macroeconomic factors present areas of vulnerability and opportunity for our investment portfolios.

Our collaborative macroeconomic analyses and views are conducted by individual analysts and teams.



Our Macro team plays a key role in analysing, monitoring, and forecasting possible outcomes from geopolitical and macroeconomic events. Our Macro Analysts conduct in-depth analysis on over 35 developed and emerging market countries that are part of our investment universe, as well as broader macroeconomic themes. They work with our Macro Committee, comprised of members of our Fixed Income and Macro team, to develop views and evaluate investment opportunities for sovereign credit, currency, and interest rate investments across developed and emerging markets countries. The Macro team also researches and discusses broader macro topics (e.g. demographics, commodity price impacts, tail risk analysis) and develops tools and models that are used to help idea generation and investment decision-making across our equity and fixed income strategies.

Our Equity FX Hedging Committee is comprised of members of our Equity, Fixed Income, and Macro teams. The Committee's primary role is to evaluate currency hedging decisions for our equity portfolios, which are ultimately made by the relevant Investment Committee. In addition, Equity FX Hedging Committee members monitor hedges and oversee trade execution, making tactical target adjustments based on portfolio changes and market fluctuations over time.

Our U.S. Rates Group reviews trends in U.S. macroeconomic and market data, follows monetary policy, and develops yield curve scenarios to aid portfolio duration decisions, which are ultimately made by the relevant Investment Committees. It is comprised of members of our Fixed Income and Macro teams.

On the next page we have outlined an example of how our Macro Analysts collaborate with our broader investment team to evaluate how macroeconomic events could impact our individual investments and portfolios.

Russia-Ukraine War

Russia's invasion of Ukraine has significantly impacted society and the global economy. We condemn the attack and express our solidarity with the people of Ukraine. We continue to evaluate the ongoing implications for our investment portfolios.

When Russia invaded Ukraine in February 2022, our investment team analysed the immediate impacts of actions taken by the Russian government, stock exchanges, and counterparties on the valuation and liquidity of our Russian securities. Even though we had limited direct exposure to Russia, we formed a working group comprised of members from our Investment, Legal, Compliance and Investment Operations teams, to actively monitor developments with respect to geopolitics, sanctions, and market valuations. We took action to ensure compliance with sanctions imposed by the U.S. and other governments. In line with industry consensus, we marked down the fair value of our Russian equity holdings to zero in March 2022 and marked down our Russian ruble-denominated government bonds to approximately 5% of par. We monitored the situation throughout the year, forecasting a range of scenarios for sanctions and geopolitics and meeting with buy-and-sell-side firms, economists, and political consultants with expertise in this area. After significant analysis, our Global Fixed Income Investment Committee decided to sell our Russian sovereign bonds at a price that was higher than the original markdown to eliminate further downside risk and reduce Russian exposure.

We also carefully assessed the potential implications for our other portfolio holdings. Our Macro team analysed how this crisis could affect a range of macroeconomic factors, including commodity prices, global food supply, and geopolitical relations. Our Global Industry and Fixed Income Analysts identified potential securities to add or trim in our portfolios based on market pricing dislocations and any changes to our outlook on the securities' fundamentals. Our ESG Research Steering Committee also discussed some of the ESG themes that emerged from this conflict, including the potential effects on the energy transition and changing global views on the defence sector. Our Investment Committees used these inputs to adjust our portfolios in response to this shifting market environment.

We believe this conflict will have lasting social, economic, and geopolitical effects for years to come. For example, we continue to see significant supply and demand dislocations in the global commodity markets. Our Global Industry Analysts are evaluating the effects of this volatility across companies and industries and our Macro team is analysing the effects of these dynamics across various countries. We are closely monitoring Europe given its greater dependence on Russian energy, and increased focus on shifting to alternative energy sources. We are also tracking how this impacts other potential geopolitical conflicts, such as the deteriorating relationship between the U.S. and China and the increasing risk of a military confrontation between China and Taiwan.

In addition to our thorough analysis of a company's fundamentals, we evaluate a company's exposure to a range of market risks.

Combining Fundamental Analysis with Assessment of Market Risks

We believe that both a company's strategic positioning and its operating environment drive its long-term profitability. Therefore, in addition to our thorough analysis of a company's fundamentals, we evaluate its exposure to a range of market risks. Our Equity and Balanced Investment Committees leverage our proprietary risk model to analyse market risk exposures, including those listed below, at the company and portfolio levels. Our Portfolio Strategy team develops and maintains the risk model and conducts research on portfolio construction, risk analytics, asset allocation, and investment decision making.

Evaluating Portfolio Exposures to Market Risks, Including:

- Global growth
- Interest rates
- Credit conditions
- Inflation
- Commodity prices
- Foreign exchange rates

For fixed income investments, we seek to mitigate the risk of significant capital impairment or default, liability restructuring, or permanent credit deterioration. Much of our analysis for fixed income, particularly for credit holdings, resembles our company analysis. Our Fixed Income team also uses third-party risk analytics, as well as proprietary tools, to evaluate issuer and portfolio risks. This work is supported by our Fixed Income Quantitative Analysis and Data Science team, which conducts research on portfolio construction and risk analytics. Our Fixed Income team also pays particular attention to structural features of the debt securities in which we invest, such as prepayment risk in mortgage-backed securities.

After our Equity and Fixed Income Investment Committees have identified the portfolio's key economic exposures and risks, they consider three key questions:

1.
Are these exposures an intentional part of our investment thesis or an unintended aggregation of unwanted risk?

2.
What risk premium is embedded in this exposure?

3.
Is the magnitude of the exposure appropriate for the portfolio?

In some cases, the market pricing of a risk exposure creates an attractive long-term return opportunity. The ongoing dialogue our analysts have with company management teams and boards helps inform our views on their effectiveness at managing the underlying risks facing their businesses. We may decide to invest in a company that has high exposure to a particular risk if we believe the company is likely to manage it successfully, or the operating environment is likely to improve in ways current prices may not reflect.

On an ongoing basis, our Macro team monitors key metrics to assess systemic risks, including sovereign debt stocks, private sector leverage, asset prices, and banking system health.

Evaluating Systemic Risks

Systemic risks are those that could lead to the collapse of an industry, financial market, or economy. It can be challenging to predict certain events, such as the COVID-19 pandemic or the Russia-Ukraine war, that can trigger a shock and the resulting reaction in the financial markets. Our long-term outlook and experience navigating periods of market crisis have enabled us to critically assess our current holdings and find new opportunities while valuations were significantly depressed.

On an ongoing basis, our Macro team monitors key metrics to assess systemic risks, including sovereign debt stocks, private sector leverage, asset prices, banking system health, and other metrics that are indicative of macro imbalances. Since the pandemic began, we have recognised that the sharp rise in global debt ratios warrants increased caution around systemic risks; however, the starting points and vulnerabilities across countries vary widely. Our Macro team produce country-specific assessments of systemic risk so that our analysts and Investment Committee members can consider the potential impact of these variances in their bottom-up company analysis. The dialogue between our Macro team and Global Industry Analysts around these topics helps us optimise our exposures based on what we perceive to be the distribution of risks and returns.

Our Global Industry Analysts also consider how ESG factors could drive systemic risks. For each issuer in which we invest, they consider whether ESG factors could pose risks to the company's long-term business model due to evolving regulations, changes in consumer preferences, technological disruptions, or other structural shifts. In particular, we view climate change and energy transition as one of the major challenges the global economy and society will face over the coming decades. We take its associated risks

Our Risk Management Committee oversees firmwide risk management issues and risk control objectives relevant to our operations.

seriously, both as a firm and within our investment process. Our analysts evaluate how the companies in which we invest could be affected by the physical and transition risks associated with climate change. If we view those risks as material to a company's long-term value, we assess how the management team is adapting its business model to mitigate climate-related risks and take advantage of potential opportunities in the global energy transition. When relevant to the nature of its operations, this analysis typically includes evaluating a company's corporate governance and strategy for reducing its carbon intensity over time. To support our research, we have developed tools and resources for our analysts and Investment Committee members, including more recently launching a dashboard and more formalised process to assess climate change-related transition risks at the company and portfolio level. Please refer to Principle 7 for a detailed explanation of how we evaluate ESG factors, including climate change, in our investment process.

Managing Firm-Wide Risks

In addition to our investment team's analysis and monitoring of portfolio investment risks, our Risk Management Committee oversees firmwide risk management issues and risk control objectives relevant to our operations. This Committee reports to our Board of Directors and is comprised of individuals on our Board, as well as senior representatives from our Investment, Operations, Legal, Compliance, and Information Technology teams. The Committee's principal objective is understanding risks faced by Dodge & Cox and recommending ways to mitigate or balance those risks, including but not limited to:

- Reputational risk
- Derivatives risk
- Valuation risk
- Liquidity risk
- Operational risk
- Insurance coverage risk
- Legal and regulatory risk
- Counterparty risk
- Technology risk
- Cybersecurity risk
- Model and data risk

The goal of our integrated, firmwide approach to risk management is protecting the long-term value of our clients' assets.

Promoting Well-Functioning Markets

We recognise the important role market participants, like Dodge & Cox and other asset managers, can play in providing input on proposed regulations that impact the financial markets. Typically, we provide our input through participation in industry groups that work on policy advocacy, such as the Investment Company Institute (ICI) and the asset management group of the Securities Industry and Financial Markets Association (SIFMA). In some instances, we may also decide to write our own comment letter to share our views directly with a regulatory authority.

Last year, we participated in a variety of ICI and SIFMA meetings discussing the evolving ESG regulations in the U.S., EU, and UK. In particular, we attended ICI and SIFMA meetings on the U.S. Securities and Exchange Commission's (SEC) proposed ESG-related rules, including Enhanced Climate-Related Disclosures rule, the ESG Disclosure Rule, and the Fund Names Rule. These meetings helped inform ICI's and SIFMA's comment letters to these proposed rules.

In April 2022, we sent a letter to the SEC in response to its request for comments on the proposed Modernization of Beneficial Ownership Reporting (File No. S7-06-22) rule. This Proposal would, among other things, accelerate the filing deadlines and increase the frequency of beneficial-ownership reporting obligations. It would also significantly expand the scope of activities that may be deemed to constitute the formation of a control group subject to beneficial-ownership reporting obligations. We do not support certain aspects of the proposal. Specifically, we believe that earlier and more frequent reporting could provide greater opportunities for front-running and other predatory trading, which would negatively impact our clients. Additionally, we believe that the proposed expansion of the definition of a control group would likely limit otherwise permissible and desirable discussions among professional investors. This could also reduce incentives for companies' management teams to regularly engage with the legitimate concerns of shareholders, including those of active investment managers that relate to increasing the long-term value of the company for all shareholders. We believe this could ultimately harm markets and investors by undermining the beneficial role that active investment managers can play in contributing to more efficient and accurate price discovery in public securities markets. We hope that the SEC takes these and other reasonable concerns into account prior to publishing the forthcoming final version of the rule.

In 2022, we also continued our participation in several industry groups and initiatives that work towards the continued improvement of our financial markets, including:

- Investment Company Institute (ICI)
- Council of Institutional Investors (CII)
- The Credit Roundtable (CRT), founding member
- Securities Industry and Financial Markets Association (SIFMA)
- Institutional Investor Fixed Income Forum
- Credit Rating Agency Advisory Groups
- 20-20 Investment Association
- Sustainable Accounting Standards Board (SASB)

Investment Company Institute (ICI) is an association representing regulated funds globally with a mission to strengthen the asset management industry to benefit long-term individual investors.

ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Our Chief Operating Officer, William Strickland, sits on the ICI Board of Governors, and individuals across our firm serve as representatives for Dodge & Cox on various ICI groups within their respective discipline. For example, our Chief Compliance Officer chairs the ICI Compliance Committee, our Chief Technology Officer sits on the ICI Technology Committee, our Director of Human Capital is on the Diversity and Inclusion Working Group, our Proxy Officer is on the ICI Proxy Issues Working Group, and our ESG Integration Analyst is on the ICI ESG Advisory Group. As members of these groups, representatives attend regular meetings and contribute as relevant to the ICI's policy and educational efforts. For example, in 2022 Dodge & Cox representatives attended meetings regarding the comment letters ICI drafted in response to the SEC's proposed ESG-related rules, including the Enhanced Climate-Related Disclosures rule, the ESG Disclosure Rule, and the Fund Names Rule.

Council of Institutional Investors (CII) is an association of institutional investors and asset managers that works to promote effective corporate governance, shareholder rights, and regulations that foster well-functioning and fair markets.

Dodge & Cox is a member of CII, and our Proxy Officer, Sonia Lurie, participates in webinars and events to stay apprised of key regulations and industry trends with respect to corporate governance. Please see Principle 10 for additional information on our involvement in this group.

The Credit Roundtable (CRT) has a mission to enhance bondholder protections for the benefit of investors, issuers, and underwriters through education, outreach, and advocacy.

Dodge & Cox was a founding member of the CRT in 2007. Today, the organisation is comprised of roughly 40 buy-side firms with a combined $4 trillion in fixed income assets under management. The CRT's initial focus was on enhancing covenant protections in investment grade bonds, the quality of which had degraded significantly over the years, culminating in elevated leveraged buyouts, leveraged recapitalisations, and other corporate actions that adversely impacted bondholder value. With significant input from members of our Credit team and under the leadership of our CEO, Dana Emery, the group published a white paper in December 2007 with model covenants meant to increase protections from these transformative events and changes of control that significantly impact the credit profile of a company. This white paper became the new market standard for investment-grade corporate bond issuance—resulting in several notable improvements in investor protections—and helped facilitate the efficient flow of debt capital and market growth from 2007 onward. Dana subsequently became co-chair of the CRT, a position she held for several years.

A senior member of our Fixed Income team has held a position on the CRT Board since its formation, with our firm's representatives actively contributing to the CRT's durability and expansion into other initiatives, including ongoing improvements in the new issue underwriting and distribution process, liability management transactions (e.g., tender and consent activity), and providing critical input into market liquidity dynamics for consideration by regulators and other market participants. Our current representative, Anthony Brekke, who is a Senior Credit Research Analyst and Investment Committee member, is Co-Vice Chair of the CRT and chairs the CRT's Communications Sub-Committee. He was an active contributor to the process of updating the original covenant white paper (the "White Paper 2.0", published in 2021), and contributes to the organisation's ongoing efforts related to ESG and other important topics impacting the capital market landscape. In 2022, the CRT, along with other fixed income industry organisations, successfully lobbied the SEC to delay a rule interpretation that we believe, if adopted in January 2023 as planned, would have likely had significant adverse implications for investors in a certain segment of the fixed income market. Anthony Brekke was an active participant in these efforts.

Securities Industry and Financial Markets Association (SIFMA) is an association for broker-dealers, investment banks, and asset managers operating in the United States and globally.

Dodge & Cox is a member firm of SIFMA, who on its members' behalf advocates for legislation, regulation, and policy with the aim of promoting fair and orderly markets. SIFMA's Asset Management Group brings the asset management community together to provide views on U.S. and global policy and to create industry best practices. Dodge & Cox representatives attend meetings of several committees, including SIFMA's Sustainable Finance and ESG Taskforces, to stay apprised of key industry regulations and contribute as needed to advocacy efforts. For example, in 2022 Dodge & Cox representatives attended meetings regarding the comment letters SIFMA drafted in response to the SEC's proposed ESG-related rules, including the Enhanced Climate-Related Disclosures rule, the ESG Disclosure Rule, and the Fund Names Rule.

Institutional Investor Fixed Income Forum is a group for the heads of fixed income departments at investment organisations. Members discuss a variety of topics including market function, buy-side investment and business strategies, management, and industry challenges.

Dodge & Cox is a longstanding member of the Institutional Investor Fixed Income Forum and our Director of Fixed Income, Thomas Dugan, serves on the Advisory Board.

Moody's Credit Forum & Standard & Poor's are rating agency advisory groups that assemble senior credit practitioners for periodic discussions of emerging risk themes in a collegial, interactive format.

Two of our Senior Credit Research Analysts and U.S. Fixed Income Investment Committee members are members of Moody's Credit Forum and its corollary at Standard & Poor's. Similar to a roundtable, these groups foster peer level discussions on salient themes impacting the credit market and issuers. Topic selection strives to reflect participant preferences and timely credit market developments. The rating agencies host recurring events that often feature external speakers who are considered subject matter experts to stimulate conversation and impart insights to practitioners.

20-20 Investment Association focuses on helping members explore opportunities in emerging and frontier markets.

Dodge & Cox is a member firm and our former Director of International Equity, Diana Strandberg, served on the Board of Directors from 2013 until her retirement at the end of 2022. Jose Ursua, who leads our Macro team and is a member of our Global Fixed Income Investment Committee, now serves as Dodge & Cox's representative. In 2022, Diana and our CEO, Dana Emery, attended the 20-20 Investment Association annual meeting in London, at which Diana moderated a discussion on the war in Ukraine. Diana and Jose attended meetings in Kenya and South Africa, during which Diana moderated a discussion on the shifting global economic environment and Jose moderated a discussion on energy, mining, and petrochemicals.

Sustainability Accounting Standards Board (SASB) establishes industry-specific disclosure standards across ESG topics.

Dodge & Cox became a member of the SASB Alliance in 2021. As a member, we have access to the SASB industry-specific sustainability standards ("SASB Standards"), as well as other resources. We provide these standards as a resource for our Global Industry Analysts as they evaluate which ESG factors could be financially material for the companies and industries they cover. In 2022, the organisation that developed the SASB Standards—the Value Reporting Foundation—consolidated into the International Finacial Reporting Sustainability (IFRS) Foundation to establish the International Sustainability Standards Board (ISSB). The ISSB is forming an international set of sustainability standards that builds upon the SASB Standards. We are monitoring these developments and what it could mean for our SASB Alliance membership in the future.

Principle 5

Review and assurance

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

We regularly review our policies and processes to assess the effectiveness of our ESG integration and stewardship activities. These activities are supported by the policies outlined in the following.

Our ESG Policy Statement

We created our ESG Policy Statement to outline our approach to ESG integration and published it on our website to communicate our policy more broadly. We believe analysing, monitoring, and selectively engaging on financially material ESG considerations helps us assess the full picture of a particular investment's risks and opportunities. We view ESG factors as financially material when they are likely to affect a company's long-term value or a bond issuer's ability to fulfil its debt obligations. We work to ensure ESG factors are integrated into our research process in line with our policy statement. As described in Principle 2:

- Our Director of Research oversees our ESG integration approach in collaboration with our Research Policy Council;
- Our analysts are responsible for integrating financially material ESG factors into their ongoing research and analysis;
- Our Investment Committees weigh the various considerations for each investment, including financially material ESG factors, to decide how to invest our portfolios.

We work to ensure ESG factors are integrated into our research process in line with our policy statement.

We review our ESG Policy Statement at least annually. This review helps support our stewardship and the assessment of our policies' effectiveness. In 2021 and through the beginning of 2022, members of our ESG Research Steering, ESG Integration, and Proxy Policy Committees led a detailed review of our ESG Policy Statement with senior management and members of our Investment, Legal, Compliance, and Communications teams. We updated our ESG Policy Statement in April 2022 to more clearly define our approach and reflect the formalised governance structure for our ESG efforts that we established in 2021. As described in Principle 2, with this new structure, our Director of Research, CEO, and the other members of our ESG Research Steering Committee reviewed and approved our updated ESG Policy Statement. Similarly, at the end of 2022, members of our ESG Research Steering and ESG Integration Committees met with members of our Legal and Compliance teams to review our ESG policies and practices. As an outcome of this review, we developed additional processes to document our ESG considerations more clearly for some of our fixed income securities.

Please refer to Principle 7 for a detailed overview of our approach to ESG integration, as outlined in our ESG Policy Statement.

Annually, our Proxy Officer and other members of the Proxy and Governance team review key votes and provide a summary of the proxy season to the Proxy Policy Committee.

Our Proxy Voting Policy

Our policy is to vote proxies in a way that we believe best serves our clients' interests in their capacity as shareholders of a company. We typically vote in support of company management; however, we do vote against proposals we believe would negatively impact the long-term value of the shareholders' investment.

We vote all proxies in accordance with our Proxy Voting Policy, which is available publicly on our website and is reviewed annually by our Proxy Policy Committee. When items are not covered under our policy, and when deemed appropriate by our Proxy Officer or delegate, the proposal may be referred to one or more members of the Proxy Policy Committee for review, who then decide on an appropriate vote or may recommend further review by the relevant Investment Committee. Annually, our Proxy Officer and other members of the Proxy and Governance team also review key votes and provide a summary of the proxy season to the Proxy Policy Committee. The Proxy Policy Committee is also updated regularly on any important issues related to proxy voting as they occur.

In February 2022, we updated our Proxy Voting Policy to address situations where we may consider voting against a director in an uncontested election for reasons such as corruption or risk oversight failure. We also added language indicating we may vote against a director who is not independent and serves as a member of the compensation, audit, or nominating committee. When voting on director nominees, we will take into consideration local market governance standards and best practices. We also continued refining how we assess ESG-related management and shareholder proposals in the context of our financial materiality-driven approach.

As part of our annual review process, we updated our policy in March 2023. We clarified language throughout the policy to address SEC updates, market standards, and Dodge & Cox practices. The updates included more details on how we consider financially material ESG factors in our proxy vote evaluation. We view factors as financially material when they are likely to affect a company's long-term value. In the "Social/Environmental" section, we added language to address how we evaluate a company's approach to A) oversight of ESG, B) disclosure of material metrics, C) climate change and energy transition, and D) diversity, equity, and inclusion (DEI). Our focus remains on evaluating how a company structures its oversight of financially material ESG risks and opportunities, as well as how it is disclosing material data and information that can help us assess financial materiality of certain ESG factors. We also updated the policy to include language indicating we may vote against companies' compensation practices when those practices are believed to cause a material misalignment of pay and performance; and we may vote against directors of a board's nomination and governance committee where a classified board is in place without proper sunset provisions or structure rationale. For more information on proxy voting, please see Principle 12.

Our independent auditor, PricewaterhouseCoopers, conducts an annual SOC 1 (System and Organization Controls) audit to address internal controls for separate accounts, including portfolio operations control objectives for proxy voting. The controls provide reasonable assurance that, for clients who have delegated voting authority to Dodge & Cox, proxies for held investments are identified and responded to in accordance with internal proxy voting policies.

Consistent with our collective decision-making culture, our committee based ESG governance model helps promote continual evaluation and enhancement of our ESG integration approach.

Code of Ethics and Conflicts of Interest

Please see Principle 3 for information on our Code of Ethics and approach to conflicts of interest.

How We Evaluate Our ESG Policies and Approach

Consistent with our collective decision-making culture, our committee based ESG governance model helps promote continual evaluation and enhancement of our ESG integration approach. Many individuals across the organisation are involved in assessing and evaluating the ways in which we are integrating ESG factors into our investment process and how we are communicating those efforts to clients. We periodically survey key stakeholders, such as our Global Industry Analysts, and Sector and Investment Committee members, to solicit feedback and suggestions on how we can improve our ESG integration processes. In 2022, our Director of Research met with each Sector Committee head to gather their thoughts on ESG integration and any resource needs related to ESG. Similarly, our ESG Integration Analyst met with each member of the ESG Research Steering Committee at the beginning of 2022 to gather input on where we should focus our goals for the year. Our ESG professionals gather this input and then work with the ESG Committees and their relevant oversight bodies to establish our ESG priorities for the year.

In addition, we also monitor how external parties are viewing our ESG approach. Our ESG professionals review various third-party ratings of our ESG integration approach, including fund ratings and proprietary ratings from investment consultants and intermediaries. We became a signatory to the Principles for Responsible Investment (PRI)[7] in 2012 to emphasise our commitment to ESG integration and stewardship. We complete annual PRI reporting as required and review our PRI Assessment Report to assess scores and expectations. After we were notified of our acceptance as a signatory to the UK Stewardship Code in September 2022 and received feedback from the UK Financial Reporting Council on our inaugural report, we worked to address the feedback in our review of processes, messaging, and in this year's report. We also track questions we receive from clients and investment consultants about our ESG integration processes, which we review on a periodic basis, and conduct meetings with ESG-focused research professionals at investment consultant and intermediary partner firms. As relevant, we share key insights on how we are rated and feedback we have received with senior management and our ESG Committees to identify areas where we can continue improving our approach.

Ensuring Fair, Balanced, and Understandable Reporting

When reviewing disclosure and reporting for content that is fair, balanced, and understandable, we consult with our Legal and Compliance teams. We also seek input from different subject matter experts from other business functions in our review process to confirm our material is clear and understandable. This process helps us objectively evaluate internal processes and learn from a diverse range of opinions and expertise. As an additional element to our review process, we developed compliance procedures designed to examine various aspects of our ESG reporting process and test consistency of our disclosures against steps taken in that process. We began implementing this additional layer of internal controls in 2022.

[7] Formerly United Nations Principles for Responsible Investment (UNPRI).

Investment Approach

Investment Research Leadership

Steven Voorhis
Director of Research, Investment Committee Member (U.S. and Global Equity)

David Hoeft
Chief Investment Officer, Investment Committee Member (U.S., Global, and Emerging Markets Equity, and Balanced)

Principle 6

Client and beneficiary needs

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

We seek to preserve and enhance the purchasing power of our clients' assets without taking imprudent risk.

Our Client Base and Assets Under Management (AUM)

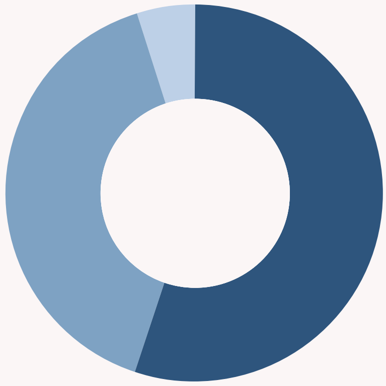
We manage money for individuals and institutions globally. Our clients, which include institutional retirement plans, foundations and endowments, and individuals, entrust us with their assets. We seek to preserve and enhance the purchasing power of our clients' assets without taking imprudent risk.

We offer a focused set of strategies across three investment vehicles—U.S. mutual funds, UCITS funds, and separate accounts. As of 31 December 2022, our assets under management totalled $322.9 billion.

AUM Breakdown by Asset Class

As of 31 December 2022

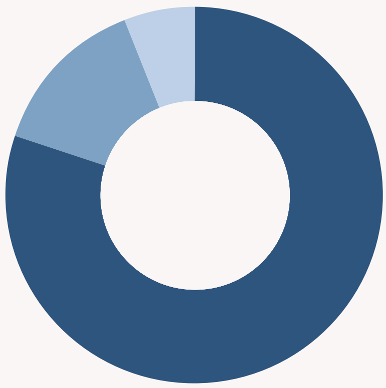
Asset Class	AUM ($ billions)	% of AUM
Equity	$176.5	55%
Fixed Income	128.9	40%
Balanced	17.5	5%
Total	**$322.9**	



AUM Breakdown by Geographic Distribution of Strategies

As of 31 December 2022

Region	AUM ($ billions)	% of AUM
U.S.	$259.7	80%
International*	44.1	14%
Global*	19.1	6%
Total	**$322.9**	

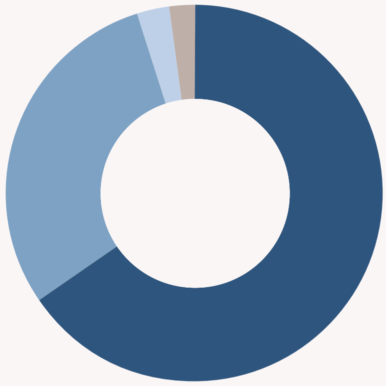


* Our International and Global strategies include investments in both developed and emerging market countries.

AUM Breakdown by Client Type (Institutional vs. Retail)

As of 31 December 2022

Region	AUM ($ billions)	% of AUM
U.S. Mutual Funds*	$213.0	66%
Institutional Separate Accounts	95.7	30%
UCITS Funds**	8.5	3%
Private Clients	5.7	2%
Total	**$322.9**	



Percent total does not sum to 100% due to rounding.

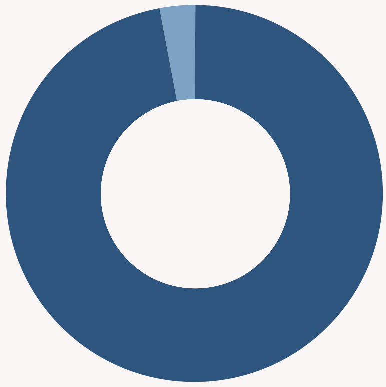
* Dodge & Cox manages seven U.S. mutual funds. We estimate that 80% of the current assets across the Dodge & Cox Funds are owned or directed by institutional investors (e.g., defined benefit and defined contribution retirement plans, foundations, endowments, etc.) and intermediary advisors. Therefore, approximately 20% of the funds' assets are considered retail.

** The Dodge & Cox Worldwide Funds plc are open to both institutional and retail investors. Investors do not need to register as qualified investors. We estimate that approximately 95% of the current assets across the Dodge & Cox Worldwide Funds are owned or directed by institutional investors (e.g., retirement plans, sovereign wealth, endowments, foundations, etc.) and intermediary advisors.

AUM Breakdown by Client Geography

As of 31 December 2022

Asset Class	AUM ($ billions)	% of AUM
U.S.	$313.9	97%
Non-U.S.	9.0	3%
Total	**$322.9**	



Long-Term Investment Horizon

We seek investment opportunities with attractive long-term earnings and cash-flow prospects not reflected in current security valuations. Our three- to five-year investment horizon supports low portfolio turnover, which helps decrease transaction costs for our clients.

Client engagement is an important aspect of understanding our clients' needs and expectations.

Understanding Client Needs

An important part of establishing an enduring client relationship is understanding client needs and objectives. We engage with each separate account client during our initial discussions to develop a thorough understanding of their investment objectives and risk tolerance, desired income level, liquidity, cash flow needs, reporting expectations, and other considerations, such as ESG requirements. We also meet with larger fund shareholders.

Client engagement is an important aspect of understanding our clients' needs and expectations. Our business model enables us to develop long-standing relationships with our clients and maintain ongoing communication and feedback loops through calls and meetings. Our Client Portfolio Managers, investment professionals, and ESG Integration Analyst regularly discuss how we integrate ESG into our investment process with clients. We also hold ESG-specific meetings to provide a more detailed update on our ESG integration approach, governance, and recent initiatives when requested by our larger clients. In 2022, we estimate over 15% of our meetings with current and prospective clients included a discussion of ESG.

Our Client Reporting, RFP and Reporting, Proxy and Governance, and Communications teams support our client reporting efforts. We regularly respond to client requests for information and due diligence questionnaires. These questionnaires give us a lens into what clients are interested in and how we can better meet their expectations. In addition, we periodically conduct client surveys to gather perspectives on our firm and servicing efforts. Past surveys have focused on the effectiveness and transparency of our attribution reporting and share class offerings. The surveys were some of the inputs into our decisions to expand our reporting and launch additional share classes for our U.S. mutual funds. We also use third-party surveys to gather insights from industry peers and investment consultants. These peer surveys help us identify industry best practices and evolve our approach to client servicing and reporting.

Over the last several years, we engaged third-party consulting firms to review, assess, and evaluate ways to enhance our client communication. These engagements have contributed valuable input to the redesign of our reporting suite, a restructure of our Client Reporting team, and improvements to our data architecture. As part of these efforts, we worked to better integrate ESG data into our reporting suite. As a result, we formed a new role—ESG Client Portfolio Analyst—in 2021 to bridge client reporting with ESG. As outlined in Principle 2, our ESG Client Portfolio Analyst partners with our Client Reporting team on ESG-related client communication initiatives and manages reporting under ESG standards and frameworks. She reports into our Head of Client Reporting; both individuals are members of our ESG Integration Committee.

We work with each separate account client that seeks to apply exclusionary restrictions in their account.

Aligning with Our Clients' Stewardship and Investment Policies

Our funds are governed by their respective fund documentation. The documentation outlines our ESG integration and investment policies for each respective fund family and fund. We review fund documentation at least annually and make these documents available on our website.

We manage separate accounts in accordance with the Investment Management Agreement (IMA) agreed upon and signed by Dodge & Cox and the client. The IMA includes the investment guidelines for the account and any security restrictions, including ESG, Socially Responsible Investing (SRI), or religious exclusions. The IMA also typically includes a client's proxy voting preference—either to retain voting authority over their assets or grant it to Dodge & Cox to vote in line with our Proxy Voting Policy.

We work with each separate account client that seeks to apply exclusionary restrictions in their account. They may provide us with a list of restricted securities or collaborate with us to develop and document requirements and screens for implementation. For clients that do not provide a restricted list, we subscribe to MSCI ESG Research to screen companies based on mutually agreed upon guidelines. Typical screens have included, but are not limited to, restrictions on consumer-related companies with revenue exposure to tobacco, alcohol, or gambling; weapons-related companies; or energy-related companies with ties or revenue exposure to fossil fuels, thermal coal, or nuclear power. For every account with restrictions, we code client guidelines into our compliance system in order to conduct pre-trade and daily post-trade compliance checks. Compliance personnel monitor for potential violations and work with Client Portfolio Managers and Portfolio Implementation Associates to address any breaches.

We regularly respond to client-specific ESG-related questions and due diligence questionnaires and discuss our ESG integration approach in client meetings.

Client Reporting and Communication

Providing timely, clear, and accurate reporting on ESG integration in our investment process and stewardship activities is an important part of our client service model and communication efforts.

In 2022, we launched a complete redesign of our website to more effectively engage with our stakeholders. We describe our approach to ESG integration within our investment process on our website, where we also post our ESG Policy Statement, Proxy Voting Policy, UK Stewardship Code Report, and other relevant materials. In 2022, we also published a paper—*ESG Integration: How We Analyse ESG Factors as a Component of Our Investment Process*—and distributed it broadly to our clients, as well as consultants and intermediaries. We engaged with clients and other recipients who responded. As described earlier, we also regularly respond to client-specific ESG-related questions and due diligence questionnaires and discuss our ESG integration approach in client meetings.

We disclose proxy voting records for our U.S. mutual funds and UCITS funds on our website annually. For separately managed accounts, we provide the proxy voting record in accordance with the instructions established in the IMA, client guidelines, side-letters, or on occasion, email.

As a signatory of the Principles for Responsible Investment (PRI), we prepare a Transparency Report annually as required. The report summarises how we consider ESG factors in our investment process and includes our responses on engagement and proxy voting activities. Dodge & Cox's public Transparency Report is available online on the PRI website. Additionally, we were pleased to be accepted as a signatory to the UK Stewardship Code with our inaugural 2021 report. We posted the report to our website and shared it directly via email with our UCITS fund shareholders and global consultants. We solicited and considered their feedback in our messaging and processes.

We recognise our clients' needs to understand how we integrate ESG into our investment process and obtain key ESG-related metrics on their portfolios. Our ESG Client Portfolio Analyst along with our ESG Integration Committee are actively working to develop and expand our ESG-related reporting capabilities based on feedback from clients and consultants. We continue providing portfolio carbon emissions and weighted average carbon intensity metrics, as well as portfolio exposures to ESG-related factors such as fossil fuels. We provide this information when requested by clients.

Principle 7

Stewardship, investment, and ESG integration

Signatories systematically integrate stewardship and investment, including material ESG issues and climate change, to fulfill their responsibilities.

As active managers, we seek investment opportunities with the potential to create long-term value for our clients. To do this, we conduct thorough research on factors that could materially affect the long-term value of a company or debt security. We believe identifying and monitoring financially material ESG considerations can help us assess the full picture of risks and opportunities of a particular investment.

We believe identifying and monitoring financially material ESG considerations can help us assess the full picture of risks and opportunities of a particular investment.

Our Approach to ESG: Focus on Financial Materiality

At Dodge & Cox, we employ a disciplined approach to selecting equity and fixed income investments characterised by intensive bottom-up research, strict price discipline, team decision making, and a three- to five-year investment horizon. As part of our company selection process, we consider ESG factors, along with other factors, to determine whether they are likely to have a financially material impact on a company's or issuer's risks and opportunities. We view ESG factors as financially material when they are likely to affect the company's long-term value or an issuer's ability to fulfil its debt obligations. We refer to this approach as ESG integration.

Financially material ESG factors can differ for each company or bond issuer. In our analysis, we seek to understand how a company or issuer makes decisions, balances the interests of its stakeholders, and manages key risks. In doing so, we pay particular attention to governance structure and practices, as well as risks and opportunities associated with environmental and social factors, when applicable. In general, we believe governance factors have the potential to be financially material for every company. However, financial materiality for environmental and social factors can vary by company, industry, and region.

As value-oriented investors, we invest for the long term and seek opportunities that have attractive earnings and cash flow prospects not reflected in a security's current valuation. We may invest in a company with financially material ESG-related risks if we believe the company is making progress on those issues or if we conclude it is still a compelling investment because of other considerations, such as an attractive valuation.

We believe market prices change more rapidly than fundamentals. A long-term horizon enables us to focus our research efforts on the factors—such as franchise strength, competitive dynamics, and management quality—that we believe ultimately determine business success. Additionally, our long-term investment approach is well suited to evaluating ESG risks and opportunities since they are more likely to occur over a longer time horizon.

We seek to invest in companies with ***attractive*** valuations and ***strong or improving*** fundamentals.

Strong or Improving Fundamentals + **Attractive Valuations** = **Investment Opportunity**

What are we buying?

- Business franchise
- Management expertise
- Growth opportunities
- Financial condition
- Financially material ESG factors
- Investor protections

What are we paying?

- Price to earnings, revenue, book value, cash flow, and asset value
- Sum-of-the-parts analysis
- Option-adjusted spread and yield to worst
- Comparable company analysis

We seek to invest in companies with ***attractive*** valuations and ***strong or improving*** fundamentals.

Financially material ESG factors are part of our analysis of company fundamentals and could be a reason why a company's valuation is low or high.

How We Consider ESG Factors

As part of our bottom-up research process, we develop a well-rounded view of a company's fundamental strengths and weaknesses. Where we believe they are relevant to our decision to invest, this analysis will include the ways in which financially material ESG factors could affect the company's ability to generate long-term value.

Our Global Industry Analysts conduct their own due diligence and analysis.

Our Global Industry Analysts conduct their own due diligence and analysis, which typically incorporates conversations with company management teams and boards, reviews of company reports, sell-side research, and information from third-party ESG data providers. Our analysts then summarise their research and provide a qualitative overview of the company specific ESG risks and opportunities they have examined.

Within their reports, our analysts formulate an investment thesis that typically includes three-to-four opportunities and risks that we believe could have the most impact on an investment's future success. When an analyst determines a financially material ESG factor could be a key driver of the investment thesis for the company, the analyst highlights it in the research report. The analyst then presents their recommendation to our Investment Committees, which assess portfolio-level risks, including relevant ESG factors, and ultimately decide how to invest our portfolios.

After selecting an investment, our Investment Committees and analysts actively monitor the price and underlying fundamentals of companies held widely across our client and fund accounts. The analyst will recommend adds, trims, or a complete sale for the Investment Committee's consideration if there are material changes. Consistent with the security selection process, they consider a range of risk factors, including those related to financially material ESG issues and the return outlook for the portfolio's broader opportunity set. Generally, we hold investments over several years to allow time for our investment thesis to play out.

Maintaining a dialogue with company management teams and boards helps us build our understanding of their priorities and strategies over time.

How We Approach Engagement and Proxy Voting

We believe our role as an active manager extends beyond selecting securities for our portfolios. Maintaining a dialogue with company management teams and boards helps us build our understanding of their priorities and strategies over time. When we believe an issue is significant to our investment thesis, we look for opportunities to engage directly with the issuer. With respect to ESG, we engage most often on governance factors, but if we view an environmental or social issue as financially material, we may choose to share our views on those issues as well.

We seek to build constructive, long-term relationships with company management teams and boards. We believe direct engagement is most effective and prefer having ongoing conversations rather than filing shareholder resolutions or joining public campaigns. We may also express our views through our proxy votes. Our detailed Proxy Voting Policy guides these votes and our Policy may consider ESG-related issues we view as financially material. We refer to our approach to engagement and proxy voting as active ownership. Please refer to Principles 9 through 12 to learn more about our approach to active ownership.

Examples of ESG Factors We Consider

Our global industry analysts consider financially material ESG factors within the context of a company's specific business lines, industry, and regions of operation. Not all factors will be relevant to each company.

Environmental	Social	Governance
Climate Change	Human Capital	Capital Allocation
Pollution or Environmental Damage	Customer Satisfaction & Safety	Management & Board
Raw Material Sourcing	Human Rights & Community Relations	Ownership Structure

Our Global Industry and Credit Research Analysts use our Company ESG Risk Framework as a guide to assess whether ESG considerations pose a financially material risk for a given company over our three-to-five-year investment time horizon. They complete this assessment for companies and corporate issuers we add to our portfolios, and they typically review and update this assessment annually for companies and corporate issuers held widely across our client and fund accounts. Please see the next page to see our Company ESG Risk Framework.

We formally launched this more standardised assessment of ESG risks in 2017. Our ESG Research Steering Committee revised the framework in 2021 to reflect our most current thinking, including adding more explicit considerations about climate change risk. We did not make any updates to our Company ESG Risk Framework in 2022.

Company ESG Risk Framework

Environmental

Climate Change

Q: Are there material risks from physical environmental impacts (e.g., wildfires, hurricanes, sea level rise)?

Q: Are there material risks from other climate-related transition risks such as imposed regulatory limits on carbon emissions or changes to carbon pricing?

Pollution or Environmental Damage

Q: Are there material risks of environmental damage or pollution (e.g., toxic emissions, biodiversity loss, waste generation)?

Raw Material Sourcing

Q: Are there material risks of operational disruption caused by lack of access to natural resources or dependency on scarce resources (e.g., water intensive activities in a water scarce region)?

Social

Human Capital

Q: Are there material risks related to human capital (e.g., employee engagement, diversity and inclusion, employee health and safety, labour practices)?

Customer Satisfaction & Safety

Q: Are there material risks related to negative impacts on consumers (e.g., data security and privacy issues, product safety issues, product affordability, selling practices)?

Human Rights & Community Relations

Q: Are there material risks related to negative impacts on community groups or human rights violations?

Governance

Capital Allocation

Q: Are there material risks related to the company's capital allocation?

Management & Board

Q: Are there material risks related to the company's management and its alignment with shareholder interests (e.g., concerns around management remuneration, key performance indicators, conflicts of interest, corruption, or track record)?

Q: Are there material risks related to the company's board (e.g., lack of independence, poor track record, or lack of relevant experience)?

Ownership Structure

Q: Are there material risks related to company ownership and/or ownership structure (e.g., activist investor activity, takeover defences, different voting rights across share classes)?

Q: Are there concerns about ESG-related factors posing risks to the company's long-term business model (e.g., upcoming regulations, changes in consumer preferences, technological disruptions, or other structural shifts in the industry)?

Q: Are there any material ESG-related opportunities for the company (e.g., investing in clean technology or offering services in underserved markets)?

Q: Are there any concerns regarding the company's management of environmental or social risks in its supply chain?

Additional Considerations

Q: Are there concerns about ESG-related factors posing risks to the company's long-term business model (e.g., upcoming regulations, changes in consumer preferences, technological disruptions, or other structural shifts in the industry)?

Q: Are there any material ESG-related opportunities for the company (e.g., investing in clean technology or offering services in underserved markets)?

Q: Are there any concerns regarding the company's management of environmental or social risks in its supply chain?

Below we have outlined three examples to demonstrate how our global industry analysts evaluated financially material ESG factors for companies we currently hold in one or more of our equity portfolios.

Occidental Petroleum

Occidental Petroleum (OXY) is one of the largest oil and gas producers in the United States. We invested in OXY because of its diversified business, strong operating capabilities, and attractive valuation. In addition to its free cash flow generative businesses, including its upstream and midstream oil and gas and chemicals units, we view the OXY Low Carbon Ventures (OLCV) business as a source of future value.

OXY established OLCV in 2018 to build a portfolio of low carbon investments that will accelerate its pathway to net zero, as well as help others across industry sectors achieve their net zero goals. In particular, OXY is leveraging its experience in Carbon Capture, Utilization, and Sequestration (CCUS) to advance both point source and direct air capture (DAC) technology.* Through its subsidiary 1PointFive, OXY is investing over $1 billion to develop what it projects will be the world's largest DAC facility. The first stage is expected to be operational by 2025 and to remove up to 500,000 tonnes of carbon dioxide (CO_2) per year. To put this into perspective, currently there are 18 DAC facilities globally that combined remove less than 10,000 tonnes CO_2 annually. In 2022, OXY announced its objective to develop 70 - 100 DAC facilities by 2035.

We acknowledge OXY operates in an industry with relatively high risks related to environmental damage, natural resource dependency, and the transition to a lower carbon economy. Our Global Industry Analyst who covers OXY has conducted due diligence on these risks, discussed them with OXY's management team, and has embedded them in the exit multiple we forecast for the company. Based on our analysis, we are also optimistic about OXY's ability to build a material carbon capture business that has the potential to be value accretive over time for the company, as well as beneficial for society. Carbon capture, in particular DAC, is regarded by international organisations as a key technology needed to meet the global climate goals outlined in the Paris Agreement, and OXY is one of the key players investing to be a leader in this space.

* Point source solutions capture CO_2 at the point of release. In contrast, DAC technologies extract CO_2 from ambient air, which is much less concentrated. The CO_2 from both sources of capture can be used to produce low carbon fuels or it can be sequestered in deep geological formations..

Schneider Electric

Schneider Electric (Schneider) is a French multinational company. It is a world leader in electrical distribution and industrial automation products and services. We invested in Schneider because of its attractive valuation, strong business franchise, and long-term growth prospects.

We believe Schneider is well positioned to benefit from the increased focus on designing and retrofitting buildings to be more sustainable. According to a recent report, the operation of buildings accounts for approximately 27% of the total energy sector carbon dioxide emissions.* Therefore, improving building energy efficiency is an important step in reducing overall global carbon emissions. As more companies establish emissions reduction goals, we anticipate they will seek ways to reduce their building energy usage. Schneider offers a range of products and services to provide its customers' end-to-end solutions for efficiency and sustainability in their homes, buildings, data centres, and industrial facilities. Its offerings include digital solutions, such as EcoStructure, that help customers establish an "internet of things" to optimise energy consumption, comfort, and productivity.

We expect Schneider will play an important role in helping companies achieve their net zero goals. It has also committed to carbon neutrality in its operations by 2025 and across its entire value chain by 2040. We continue to meet with Schneider's management team and monitor its valuation and growth prospects closely.

* IEA (2022), Buildings, IEA, Paris https://www.iea.org/reports/buildings, License: CC BY 4.0

GSK

GSK, formerly GlaxoSmithKline, is a UK-based pharmaceutical and biotechnology company. We invested in GSK because we believe it has a stable and diversified business model, low starting valuation, and attractive growth potential.

We believe it is important for companies to evaluate how regulation and societal expectations change over time so that they can evolve their business when needed and maintain their social license to operate. Over the past few years, diversity, equity, and inclusion (DEI) has become an increasingly important part of the operating model for pharmaceutical companies. In addition to continuing to rank number one in the Access to Medicines Index, GSK is working to be a more inclusive company by improving diversity in clinical trials and cultivating a more diverse and inclusive workplace.

The efficacy and safety of medicines and vaccines can differ based on sex, gender, race, ethnicity, and age, among other demographic and non-demographic characteristics. Despite this, people of colour and other diverse groups are often underrepresented in clinical research. Over the past few years, the medical community has been more focused on this issue, in part due to the COVID-19 pandemic shedding light on longstanding disparities like this in the healthcare system. Our Global Industry Analyst and ESG Integration Analyst recently discussed GSK's commitments and initiatives to foster diversity in clinical trials with its Vice President of Reputational & Responsible Business. GSK has implemented programs aimed at designing trials that are more representative and accessible, as well as reflect the patient populations experiencing the disease. As a result, at the end of 2022 all of GSK's phase III trials had a demographic diversity plan based on the disease epidemiology. We believe these initiatives will help GSK's research and development efforts, which has the potential to benefit society and the long-term value of the company.

GSK is also focused on building more diverse teams so that GSK's employees reflect the communities in which it operates, and its leadership team reflects the broader workforce. It is also working to create a more equitable and inclusive workplace. Innovation is at the heart of GSK's business and a more inclusive culture can help employees feel more comfortable to raise new ideas and insights. Therefore, we believe these initiatives will benefit the company over the long-term.

How ESG Factors Can Influence Our Decision Not to Invest in a Security

Typically, there are several factors that lead us not to invest in a company or issuer. While we do not limit our investment universe based on ESG factors, there have been instances in which our assessment of ESG factors has contributed to our decision not to invest in a company stock or bond. Typically, this was due to governance-related concerns, although social and/or environmental factors may be relevant in certain cases.

For example, several years ago, we decided not to invest in a crude oil pipeline company partially due to environmental and safety concerns. In researching the company, our Global Industry Analyst identified that the company seemed to be underinvesting in maintenance, and its operations and past track record were not in line with safety best practices. Discussing this issue with the company's management did not address these concerns. Ultimately, our analyst determined we would not be appropriately compensated for taking on these ESG risks, so we decided not to move forward with investing. Our concerns proved to be well founded because the company later had a significant oil spill in an ecologically sensitive area caused by corroded pipes.

In 2022, we passed on an opportunity to invest in a debt issued by an emerging market-domiciled utility. Although the company was focused on building essential public infrastructure, it also had some challenges. Specifically, the company had faced governance issues in the past, and the company's rapid growth plans raised questions about the alignment of interests between the debt and equity investors. We decided not to purchase the company's debt, as the Investment Committee did not believe we were being adequately compensated for these risks.

How We Approach ESG Integration for Fixed Income

Our fixed income portfolios can invest in several different types of bonds, including corporate, sovereign, municipal, and securitised. Each asset type presents its own nuances in the context of ESG integration, which we take into consideration as a part of our research when relevant to our investment thesis and when sufficient information is available.

Our Credit Research Analysts pay particular attention to financially material ESG factors that we believe are likely to affect a company's ability to pay back its debt obligations.

Corporate Bonds

The relationship between a company and its equity holders is different from its relationship with its bondholders, and this is reflected in the ways in which our equity and fixed income investment teams view ESG factors. We evaluate financially material ESG factors at the company level and complete the Company ESG Risk Framework described earlier for both our equity and corporate bond holdings that are widely held across our client and fund accounts. However, when evaluating the potential risks of a corporate bond, our Credit Research Analysts pay particular attention to financially material ESG factors that we believe are likely to affect an issuer's ability to pay back its debt obligations.

When we invest in an equity holding, we act in the capacity of a partial company owner on our clients' behalf. In contrast, when we invest in a corporate bond, we are lenders to the company. As a lender, our return profile is generally asymmetric to the downside—not being paid back—compared to the more predictable base case of being paid back principal and interest on time. In addition, while we can engage with company management teams as a bondholder, we do not have the ability to exercise proxy voting rights like equity holders.

Because of these differences, our Credit Research Analysts are highly attuned to potential governance issues when lending money to a company, and they put additional emphasis on downside protection. We pay attention to relevant bond covenants, which are bondholder protections, and we may attempt to negotiate more favourable covenants when possible. Within our strict valuation framework, we may also evaluate ESG-labelled bond issuances such as green bonds, whose proceeds are used to advance positive environmental objectives, or sustainability-linked bonds, whose coupons are linked to ESG-related key performance indicators.

Characteristics that influence the integration of ESG factors in equity versus fixed income investments

	Common Equity	Fixed Income
Relationship to company	Owner	Lender
Risks often skewed to downside?	✗	✓
Able to vote proxies?	✓	✗
Ongoing new issuance?	Rare	✓
Finite maturity?	✗	✓
Seniority	Bottom of capital structure	Senior to equity
Collateral	✗	Sometimes
Non-corporate issuance?	✗	Sovereign, municipal, securitised
ESG-linked use of proceeds?	Rare	Sometimes: Green, social, sustainable bonds

Below we have outlined two examples to demonstrate how we evaluate financially material ESG factors for corporate bond issuers.

Enel

Enel is a multinational generator and distributor of electricity and gas headquartered in Italy. We invested in bonds issued by Enel because it is a large-scale, geographically diverse utility with regulated operations, a strong liquidity position, and improving leverage metrics. We view the bonds as having an attractive risk and return profile.

In addition to fundamental factors, we analysed a range of macro, geopolitical, and ESG factors that could affect the performance of Enel's bonds, including Italy's political stability (the Italian government owns approximately 25% of Enel's equity), the Russia-Ukraine war, commodity price volatility, and Enel's investments to position itself for the energy transition.

Some of our Enel holdings are in the form of sustainability-linked bonds, which benefit from an increase in the coupon payment if Enel does not meet direct greenhouse gas (GHG) emission targets on specified dates in the future. Enel has a large capital expenditure plan in place to decarbonise its electricity generation fleet. However, the European energy crisis that resulted from the Russia-Ukraine war temporarily delayed energy transition efforts given acute supply needs requiring all types of energy, including fossil fuels. This delay could jeopardise Enel's ability to meet its near-term GHG targets, in particular its plan to exit coal-powered generation by 2027. Although we believe these bonds are attractive even without the potential increase in coupon payment, we are monitoring Enel's ability to meet its GHG targets and how the market is pricing in this risk.

Our assessment of governance, including management's approach to positioning the balance sheet, has had a notable influence on our recent investment decisions. In 2022, we added to our position in Enel through a sustainability-linked new issue. At the time of our investment, the company's leverage was high. As part of our investment thesis, we expected Enel's management team to adjust their strategic plan in response to the macroeconomic environment, including the rise in commodity prices and interest rates. The management team did ultimately reveal a new strategic plan, which involved large asset sales and updated balance sheet deleveraging targets.

Boston Properties

Boston Properties is a leading owner, manager, and developer of office real estate with properties in major U.S. cities. We invested in bonds issued by Boston Properties because it has a high-quality asset base, track record of strong management, stable business, and robust access to liquidity. We view the bonds as having an attractive risk and return profile.

Social factors, among other considerations, played a role in our evaluation of bonds issued by Boston Properties. In particular, we are monitoring the secular trend of companies moving their office locations away from central business districts and how that could impact the long-term value of commercial real estate. Several factors have driven this trend, including the high cost of living in urban areas and the increased prevalence of remote work after employees worked from home during the COVID-19 pandemic.

Despite these headwinds, in 2022 we added to our position in Boston Properties through a new issuance because we deemed it was an attractive investment opportunity over our three-to-five-year time horizon. Boston Properties' operating and financial metrics have remained reasonably stable. Our analysis at the time of the issuance showed that occupancy of its properties was down slightly but still in the 90% range and revenue was back above pre-pandemic levels. Generally, Boston Properties has high quality assets, and has been working to achieve its stated energy usage and greenhouse gas emissions reduction targets, which we view as positive given the increased focus on building sustainability. Additionally, the average lease term of its portfolio remains long with a weighted average of approximately 8 years. Given the bond had a 5-year maturity, the multi-year leases provide a cushion against some of the near-term cyclical and secular trends. The bond also had meaningful bondholder protections through its covenants, which is an important governance consideration and is not common for bonds in investment grade sectors.

We recently formalised our process of evaluating financially material ESG factors for countries by launching our Sovereign ESG Framework.

Sovereign Bonds

Our Macro Analysts conduct in-depth research and form views on over 35 countries to help inform our investment decision making on stocks and bonds, as well as currency hedges. We use a variety of resources, including monitors and models we developed internally to evaluate economic, currency, interest rate, and systemic risk trends for each country.

Our Macro Analysts consider a variety of financially material ESG factors as part of their country analysis. Over the past two years, we formalised our process of evaluating ESG factors for countries by launching our Sovereign ESG Framework. Our Macro Analysts developed this framework to provide a quantitative and qualitative assessment of ESG-related risks and opportunities for the countries we cover. This framework includes close to 50 ESG indicators that we aggregate into a quantitative ESG overall score, as well as a specific E, S, and G score, for each country. These indicators fall into three categories:

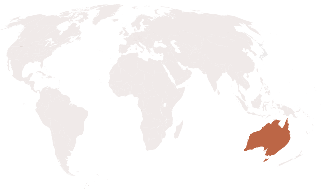
- Environment: Natural resources, environmental exposure, and environmental/climate policy
- Social: Economic framework and empowerment
- Governance: Political institutions and security

Our Macro Analysts also draw on their country-specific expertise to outline any notable opportunities or risks due to developments in policy, regulation, or international agreements as part of our qualitative assessment. They also highlight the extent to which the top three-to-five investment opportunities or risks for the country are related to ESG factors.

Our Macro Analysts first completed the Sovereign ESG Framework at the end of 2021 for sovereign markets in which we have exposure through our global fixed income strategy, as well as for several other countries we cover. Our Macro Committee and Global Fixed Income Investment Committees met in May 2022 to discuss the new framework, focusing on trends observed across countries, in particular developed versus emerging markets, and other notable findings from the analyses. We also discussed differences with our proprietary scoring methodology compared to third-party scores, as well as any proposed changes to the framework. Based on this discussion, we further enhanced our framework by adding a specific section to outline Paris Agreement commitments and emissions targets when relevant. Our Macro Analysts completed the Sovereign ESG Framework for each country again in 2022 and plan to do so annually going forward.

We have outlined two examples of how financially material ESG factors were considered in our investment analysis and decision making for sovereign bonds.

Australia/ New South Wales



In 2022, we initiated a position in a bond issued by the Australian state of New South Wales. Our decision to invest was driven by an attractive valuation and Australia's favourable sovereign fundamentals.

Australia generally has strong scores on a number of ESG factors such as governance and social stability. However, it has a more mixed record on environmental factors because of its higher exposure to natural disasters and other climate-related risks, including the energy transition away from fossil fuels. Australia has significant natural resources and is a large exporter of iron ore and energy commodities, including coal, liquefied natural gas (LNG), and oil. Our Macro Committee discussed how some of these risks are mitigated by a valuation discount relative to commodity prices, the increased role of lower carbon fuels like LNG in energy exports, and the decreased size of its mining sector over the last decade. Australia's fiscal balance sheets are healthy and the government plans to increase investments in areas such as renewables and ways to mitigate the impacts of natural disasters (e.g., flooding and fires). Our assessment of these factors contributed to our view that sovereign credit risks for this bond were likely to be fairly minimal.

Brazil

Our decision to add to our Brazilian sovereign bond in 2022 was driven by our view that the currency and interest rates were undervalued and our expectations that a number of macro drivers would improve over our investment time horizon.

Brazil ranks reasonably well compared to other emerging markets countries on environmental and social measures, but it ranks lower on governance factors. For Brazil, governance and political risks were important investment topics of discussion, especially in the run-up to presidential elections in October 2022. The slim margin of victory for President Lula Da Silva exacerbated some of the country's governance risks. Overall, however, we believe policies under the new administration are likely to be more centrist, with Congress acting as a moderating force. Fiscal challenges and Brazil's debt dynamics were acknowledged as a risk, although encouraging recent trends and the results from our long-term debt projections show that in the most probable scenarios, debt is likely to remain relatively stable as an improved fiscal framework is put in place. The new Lula administration could also enact policies aimed at reducing social and income inequality and decreasing environmental degradation. Overall, we assessed that currency valuation, high yields, and the potential for ongoing improvement in certain ESG areas make Brazil an attractive risk-reward proposition.

ESG Topics We Prioritised in Our Investment Process in 2022

Generally, we prioritise ESG issues at the company and industry levels based on their financial relevance. However, there are some instances in which the same or similar ESG issues may be financially material for companies across a range of industries. In those cases, we will conduct cross-sector research and look for ways we can provide our investment team with data and tools to support their analyses. In 2022, we continued our focus on climate change and the global energy transition.

Climate Change and the Energy Transition

We view climate change as one of the major challenges society and the global economy will face over the coming decades. As such, we conduct cross-sector and company-level analyses to evaluate how climate change and the transition to a low carbon economy could impact our existing and potential investments.

Since 2021, a group of analysts who cover companies within the industrials and energy sectors have led an annual research review and discussion on the global energy transition. They analysed the growth and cost of renewables, the outlook for battery development and electric vehicle penetration, and the resulting impact on our expectations for oil and natural gas demand. These discussions are intended to spark debate regarding whether certain economic shifts are cyclical or secular, how these trends may affect our current holdings, and if there are parts of the market we should further explore for potential new investment ideas.

At the company level, our Global Industry and Credit Research Analysts evaluate climate-related physical and transition risks, as well as opportunities, when they have the potential to be financially material to our investment thesis. Our analysts also complete our new Carbon Risk Assessment, which is a more formalised evaluation of a company's or corporate issuer's carbon intensity and decarbonisation strategy.

Our ESG Research Steering Committee launched a new tool for our investment team to formalise our analysis of climate transition-related risks.

Carbon Risk Assessment

In 2022, our ESG Research Steering Committee launched an interactive dashboard and framework that outlines key components for our analysts to evaluate when assessing a company's carbon risk.

The Dashboard

Our investment team can use our carbon risk dashboard to compare how a company's carbon intensity ranks versus its industry peers, as well as other companies in our portfolios and their relevant benchmarks. The dashboard displays both reported and modelled carbon metrics from Trucost (part of S&P Global).

Examples of Carbon Metrics We Evaluate

Carbon emissions (tonnes CO_2e) Scope 1, 2, and 3	Carbon emissions are the total company emissions within a given fiscal year from greenhouse gases (GHG), including carbon dioxide (CO_2), methane, nitrous oxide, and fluorinated gases.
Carbon intensity (tonnes CO_2e / $Million Revenue) Scope 1, 2, and 3	A company's carbon emissions normalised by its annual consolidated revenues in millions of U.S. dollars.
Potential earnings at risk due to estimated increased price of carbon emissions	Trucost forecasted metrics based on the most recently reported company Scope 1 and 2 carbon emissions, trailing three-year average company financials, and Trucost carbon price forecasts.
Temperature alignment (°Celsius)	Trucost forecasted metric that uses a transition pathway assessment to examine whether a company's historical and forecasted Scope 1 and 2 carbon emissions are aligned with a 2°C carbon budget.

The Framework
Our Global Industry and Credit Research Analysts assess a company's carbon intensity, as well as its competitive positioning and decarbonisation targets when we deem those to be financially material to a company's long-term outlook.

How We Assess a Company's Carbon Risk

1
Carbon Intensity
Does the company have a high carbon intensity based on its Scope 1 and 2 emissions?

2
Competitive Positioning
How does the company's carbon intensity compare to industry peers?

3
Decarbonisation Targets
What is the company's decarbonisation strategy and is it a leader or laggard versus industry peers?

Carbon Risk Assessment
Analyst determination of whether the company has very high, high, medium, or low risk.

The Carbon Risk Assessment
Our Global Industry and Credit Research Analysts use the dashboard and this framework to assess a company's risk level—very high, high, medium, or low—based on its carbon intensity and decarbonisation goals. In 2022, our analysts completed the Carbon Risk Assessment for the companies and corporate issuers held widely across our client and fund accounts. We recorded this analysis in the dashboard so that our investment team, including our Investment Committee members, can view the individual company risk levels and compare across portfolios. We plan to update the company Carbon Risk Assessments on an annual basis.

We view the Carbon Risk Assessment as one tool in our investor toolkit to evaluate the fundamentals of a company. We do not screen companies in or out of our portfolio based on its carbon risk. Rather, our analysts can use the carbon risk level as an indicator to conduct further research on a company. We also may look to engage with a company's management team or board if we do not believe the company is adequately managing its carbon risk or if we want to better understand its decarbonisation strategy.

Holcim

Holcim is a Switzerland-based, diversified global cement company with operations in over 70 countries. We invested in Holcim because of its strong industry positioning, shareholder focused management team, and attractive valuation. We view Holcim as having a high carbon risk, and as such, our Global Industry Analyst has conducted substantial analysis on Holcim's carbon intensity and decarbonisation goals over the past few years.

Cement production is a highly carbon intensive process. Clinker, the primary component of cement, is made by heating limestone and clay in a kiln at very high temperatures. Carbon dioxide (CO_2) is emitted as a by-product in the limestone calcination process, and through energy used to heat the kiln and operate equipment. Cement is a key ingredient in the formation of concrete, which remains an important building material without viable substitutes.

Holcim has lower carbon emissions per ton of cement produced than the other large global cement manufacturers, and we view it as a leader in its decarbonisation goals. Holcim has board oversight of its climate-related risks and opportunities, and it has set a target to reduce its Scope 1 and 2 CO_2 emissions per ton of cementitious products by 25% by 2030 (from a 2018 base year). The company has initiatives to achieve its target that include switching to low carbon fuels, lowering its clinker ratio in cement, and investing in carbon capture technologies and programs.

We recognise the importance for Holcim to reduce its carbon intensity to retain its competitive positioning and support global goals to decarbonise buildings. We continue to monitor the current and future costs to achieve its emission reduction targets, as well as how its goals affect its capital allocation and divesture decisions. We are also evaluating the potential risks of climate-related litigation. As part of our due diligence, our Global Industry Analyst that covers Holcim and other members of our investment team met with Holcim's management team several times in 2022 to discuss a variety of topics, including Holcim's decarbonisation goals and other climate-related topics.

Principle 8

Monitoring managers and service providers

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

Our ESG Research Steering, ESG Integration, and Proxy Policy Committees oversee the selection and monitoring of third-party providers of ESG data, reporting, and proxy voting services.

Our Use of Service Providers

As part of our investment process, our analysts evaluate ESG-related data and research from a variety of sources. Their recommendations stem from our in-depth, proprietary research, which includes review and analysis of third-party research and data sources. Third-party research augments the information we evaluate in developing our own investment thesis on a given company or issuer. All investment decisions are based on the judgment and analysis of our investment professionals, not on outside recommendations.

Our ESG Research Steering, ESG Integration, and Proxy Policy Committees oversee the selection and monitoring of third-party providers of ESG data, reporting, and proxy voting services. These Committees, in collaboration with relevant users of the data and services, conduct thorough due diligence prior to deciding whether to onboard a third-party data vendor or service provider. We review the methodology and data coverage to determine if it meets our needs. Then we work with our Data and Information Technology teams to confirm whether the data will integrate with our internal systems and data security protocols. By utilising different data sources, we gather and assess different perspectives, metrics, and ratings methodologies on important ESG topics. Dodge & Cox leverages ESG data from a range of sources:

Provider	Description	Date Started
Institutional Shareholder Services (ISS)	Proxy administration & research	2008
Glass Lewis	Proxy research	2009
MSCI	ESG research	2016
Trucost (S&P Global)	Environmental/climate research	2021
Empirical ESG Research Partners	ESG research	2022
Sustainalytics	ESG research	2022
Multiple	Academic and sell side research, credit ratings providers, and market research providers	Various

Monitoring Existing Service Providers

As part of our proxy adviser research oversight, we meet with ISS annually to conduct due diligence on its operations, cybersecurity, legal and compliance, technology, and control and audit practices. We also meet with ISS approximately every two weeks to receive updates on meetings and ballots, and to raise any concerns on proxy vote administration. We conduct due diligence of Glass Lewis on an ad hoc basis. As discussed in Principle 12, proxy adviser research is only one component of our proxy process. We rely on our own Proxy Voting Policy when making proxy voting decisions. When we identify data we believe to be inaccurate, we may reach out to the proxy advisory firm to discuss our findings.

We endeavour to provide feedback if we have recommendations for product enhancements, ideas for additional data needs, or we believe we have identified any inaccuracies.

Our dedicated ESG professionals also regularly meet with and assess our ESG third-party vendors, including MSCI, Sustainalytics, Trucost, and Empirical ESG Research Partners. We maintain regular contact with our vendors through meetings, email exchanges, and calls to stay current on their research offerings, understand how to use their tools and platforms, and learn about methodology adjustments. For example, in 2022, our ESG Integration Analyst and ESG Client Portfolio Analyst discussed changes to MSCI's methodology for fossil fuels datasets with MSCI's client team. MSCI implemented a new factor to specifically report revenue derived from oil and gas equipment and services activities. Previously this revenue was captured under extraction and production revenue. We learned that the new equipment and services revenue factor does not roll up into MSCI's fossil fuel-based revenue calculation. After reviewing the methodology adjustment, we decided to include this new factor in our own reporting to better capture the breadth of fossil fuel revenue exposure.

Our proxy research and ESG data providers largely met our needs and expectations in the reporting period. Therefore, we did not need to terminate any of the service providers in the reporting year. We endeavour to provide feedback if we have recommendations for product enhancements, ideas for additional data needs, or we believe we have identified any inaccuracies. For instance, we contacted MSCI when we saw two ESG factors had the same description despite providing different information. MSCI reviewed the inquiry and made an adjustment to one of the factor descriptions.

Evaluating and Onboarding Additional Resources

Another aspect of our monitoring process is evaluating and comparing different data providers when appropriate. We believe having different data sources allows us to juxtapose alternate viewpoints, and better assess the quality and breadth of the research we receive. We find having multiple ESG data sources is valuable because:

- ESG risks and opportunities are challenging to quantify and measure
- ESG scores from different ratings providers have distinct methodologies and generally have a low correlation; and,
- Each provider offers different types of data and research

After conducting a review of major ESG data providers in 2021, we decided to add Sustainalytics and Empirical ESG Research as resources for our investment team in 2022. Sustainalytics now serves as a second resource, in addition to MSCI, for our Global Industry and Credit Research Analysts to review company ESG research and data. MSCI and Sustainalytics use different ESG ratings methodologies, and academic studies have demonstrated that their ratings typically exhibit a low correlation. Our ESG Research Steering Committee decided it would be additive for our analysts to review two different reports on a company's ESG efforts to inform their analysis. Empirical ESG Research provides papers on thematic ESG trends and has some unique datasets we are working to integrate into our broader set of resources for our analysts.

At the end of 2022, we also evaluated a new data provider that focuses on company workforce data. Members of our investment team participated in the trial and shared that they found the data and user interface very useful in their analyses. Therefore, the ESG Research Steering Committee approved adding this new data source in 2023. We are in the process of onboarding this new data provider, which will expand our analysts' access to workforce metrics, including headcount trends, turnover, and employee sentiment.

Oversight of Vendors and Data

Vendor Management

Vendors and third parties can pose additional risk for any organisation. We leverage a centralised vendor management program and our Third-Party Vendor Management Policy to mitigate these risks. For each third-party vendor, we assign an overall risk tier classification that is generally a function of data classification and operational dependency. Due diligence may consist of an on-site visit, conference call, or videoconference, depending on the vendor's risk profile, compensating controls, and practical considerations. We may also use third-party service providers, when appropriate, to acquire risk ratings and conduct due diligence. There were no instances where the ESG service providers listed in the table did not meet expectations in the due diligence reviews.

Data Governance

Over the past several years, we have worked on further refining our data governance practices, including creating a unified security issuer hierarchy across asset classes. We are also implementing a data quality framework to define acceptable levels of data quality and have established a data ownership program. Our ESG Integration Analyst regularly meets with our Chief Data Officer to review our roadmap to onboard and further leverage our third-party ESG data sources in our research and client reporting processes.

Engagement

Members of our ESG Research Steering Committee

Raja Patnaik
Portfolio Strategy Analyst

Tory Sims
ESG Integration Analyst

Sonia Lurie
Proxy Manager, Proxy Officer

Principle 9

Engagement

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

We define engagement as communication with a portfolio company or issuer in which we express our views on the ways ESG-related issues could affect the company's ability to generate long-term value.

Engaging Directly with Companies

Maintaining ongoing dialogue and selectively engaging with companies are important aspects of our investment analysis. As bottom-up investors, these conversations can be critical to our assessment of management's priorities and strategies. We want to understand a company's views on key issues important to its business. Some of these issues may include capital allocation, investment decisions, cost structures, employee retention, environmental considerations, climate change, and a host of other topics. We do not have opinions on everything a company does, but when we do, we look for opportunities to share our views with management and the board. Conversely, management teams, investor relations, and company boards may also seek our input on various topics, including ESG issues.

Our long-term holding periods allow us to build productive relationships and engage over multiple years with company management teams and board members. With respect to ESG matters, we define engagement as communication with a portfolio company or issuer in which we express our views on the ways ESG-related issues could affect the company's ability to generate long-term value. When we choose to engage, we aim to improve business practices on ESG-related issues, improve public disclosure, or encourage certain proxy voting outcomes and corporate governance best practices (examples include encouraging a company to have a lead independent director or suggesting the company lowers the threshold to call a special meeting). We may incorporate a company's response to our engagements into our proxy voting and investment decision making.

Methods of Engagement

We have multiple avenues of engagement and ways in which we interact with companies. We estimate our analysts and Investment Committee members collectively conduct over 1,000 due diligence meetings per year, including meetings with company management teams and boards. Our Proxy Officer and ESG Integration Analyst may join these meetings, especially when we anticipate proxy matters or ESG topics will be a significant part of the conversation. Meetings may take place in our office or via videoconference, at industry conferences, and at company locations around the world. If we believe our views on a particular topic could benefit long-term shareholders and are important to our investment thesis, we may decide to engage on those topics during these due diligence meetings with company management teams.

In addition, we regularly speak with consultants, a company's competitors, customers, suppliers, and other sources to broaden our understanding of a company's strengths and weaknesses. If relevant to our understanding of a company, we may decide to engage with a company on what we learn from these conversations with third parties.

30%

In 2022, we had proxy engagements with over 30% of our widely held equity holdings.

Our Proxy and Governance team may request to engage with an issuer, or an issuer may request a meeting with us, for proxy-related discussions. In 2022, our Proxy and Governance team conducted 68 meetings with 50 unique companies, representing over 30% of our widely held equity holdings[8]. We track conversation topics and key takeaways from these meetings and consider these discussions when implementing proxy voting decisions. Our Global Industry Analysts often attend these engagement meetings.

Typical issuer participants during engagement meetings may include the following:

- Chair of the Board or Lead Independent Director
- Chair of the Remuneration Committee
- Chief Executive Officer
- Chief Financial Officer
- General Counsel or Corporate Secretary
- Head of Investor Relations
- Head of Human Resources or Total Rewards
- Head of ESG and Sustainability

Regional Differences

Generally, we apply our corporate governance and proxy voting principles consistently across geographies. The standards for governance, however, can differ from market to market. In more mature markets, such as the United States and United Kingdom, corporate governance standards may be more stringent and issuer disclosures more robust. Furthermore, in mature markets, companies are more likely to have well-established communications with investors.

In certain markets, we take differences in standards into account when assessing a company's corporate governance practices and determining how best to engage with a company. For example, in Japan many companies have historically lacked independent directors on their boards. As Japanese exchanges have implemented director independence standards, this has led to a number of independent Japanese directors appearing to become over-boarded—i.e. they serve on too many boards. We are consequently more understanding in our engagements with Japanese companies because we recognise the importance of the broader attempt at achieving board independence.

Generally, we apply our corporate governance and proxy voting principles consistently across geographies; however, we do consider different regional market standards as relevant.

Fixed Income Approach

As equity holders, we act as a partial owner of the company on behalf of our clients. In contrast, as corporate bondholders, we act as lenders to the company. While we can engage with company management teams as a bondholder, we typically cannot exercise proxy voting rights like we do as equity holders. Because of these differences, our Credit Research Analysts are highly attuned to potential governance issues when lending money and emphasise downside protection. As discussed in Principle 12, we pay attention to relevant bond covenants, which are bondholder protections, and we may attempt to negotiate stricter covenants when possible. These negotiations typically take place during calls with company management teams.

Our Fixed Income Credit Research Analysts often meet with our Global Industry Analysts for additional insight on certain issuers. When relevant, our Credit Analysts may join our Global Industry Analysts or Proxy Officer during company meetings.

Engagement Topics

Rather than employ a top-down list of ESG engagement topics, our bottom-up analysis informs the issues we deem are financially material to a given company's long-term value. Therefore, our ESG engagement topics vary company by company. We most often engage on governance topics, but if we view an environmental or social issue as financially material, we may choose to share our thoughts on those issues as well.

[8] We define widely held equity holdings as securities issued by companies held in our equity funds other than our emerging markets funds.

Even though ESG engagement topics differ for each company, we typically see common topics emerge. Governance topics span across all companies, and environmental and social topics are generally more relevant for specific industries and regions. We also typically engage with companies on controversies or litigation cases involving ESG topics that we believe could have significant liabilities for the company and/or cause significant reputational damage.

Example ESG Topics We Discussed With Specific Companies in 2022

Environmental

- "Say on Climate" proxy voting proposals
- Carbon emissions reduction targets and net zero commitments, including related costs
- Capital expenditure energy transition investments

Social

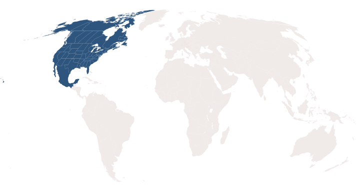
- Human capital management, including employee turnover and workforce morale
- Disclosure of demographic workforce data, including data by race, ethnicity, gender, and job categories as permitted by local regulations
- Data privacy and cybersecurity
- Employee health and safety
- Access to medicine and drug pricing
- Human rights issues
- Product liability

Governance

- Board composition
- Board oversight of financially material ESG strategy
- Company ownership structure
- Succession planning
- Board and management team priorities
- Capital allocation decisions
- Compensation plan and incentive targets, including ESG-related key performance indicators

The following case studies illustrate our engagement approach in 2022. Please note that these examples do not represent the full number of conversations or breadth of discussion topics that Dodge & Cox has had with the management teams and board members of these and other companies in which we invest.

General Electric



Sector: **Industrials**

Region: **North America**

Engagement Topics: **Governance**

Background and Objective: In October 2022, our Proxy Officer spoke with General Electric, a U.S.-based industrial conglomerate with operations spanning the aerospace, energy, and healthcare markets. The company announced plans to create three different companies over the next few years. We wanted to understand how the company plans to create and align proper compensation and ESG targets in its reorganised business.

Process and Outcome: During the engagement meeting, we discussed that, as an investor, our preference is for companies to use a performance period longer than one year for long-term incentive compensation targets to better align management compensation with long-term shareholder value. We reiterated the need for company management to provide more detailed disclosure on key performance indicators (KPIs) and any amended targets, as the company executes its break-up plan over the next two years.

The company was receptive to our request and acknowledged its executive compensation structure will likely be simpler once the companies are independent.

Mitsubishi Electric Corporation

Sector: **Industrials**

Region: **Japan**

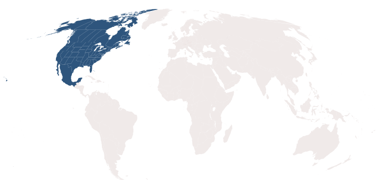
Engagement Topics: **Governance, Social**

Background and Objective: Mitsubishi Electric is a Japanese electronics and electrical equipment manufacturing company. In 2021, the company admitted to falsifying inspection data and using improper quality control practices on a number of products. We believed it was critical to engage with the company to understand what steps it was taking to address such failures.

Process and Outcome: In addition to our standard meetings with the company's CEO and CFO, we engaged with Mitsubishi Electric by videoconference in March 2022 to discuss the company's response to these issues. Our Global Industry Analyst, an Investment Committee member, as well as our Proxy Officer and other members of our Proxy and Governance team spoke with Mitsubishi Electric's CFO and other management team members. The company shared details and results from the investigation into improper practices as well as governance, board, and cultural reforms it put in place to address these acts. We asked the company how it planned to measure progress on the reforms.

We carefully considered what we heard in the meeting and the steps laid out by the company to address issues. We were supportive of the company's proposed remedial actions. At its June 2022 annual meeting, we voted to re-elect the company's President and CEO to the Board. Our rationale for doing so was that he took office after his predecessor stepped down and that he led governance reforms, including conducting the investigation and instituting a board comprised of a majority of independent directors. He also was not identified as knowingly involved in any of the cases discovered to date. We will revisit our view before the next annual meeting to assess whether he delivers on the initiated reforms.

Charter Communications



Sector: **Communication Services**

Region: **North America**

Engagement Topics: **Governance, Social**

Background and Objective: In 2022, Charter Communications, a U.S.-based telecommunications company, requested an engagement to discuss corporate governance practices. We accepted the opportunity to strengthen our relationship with the company. We wanted to share our views on the vote frequency of Say on Pay (i.e. the advisory vote on executive remuneration) and why we supported certain shareholder proposals the company received at its last annual meeting.

Process and Outcome: During the videoconference, management provided our Global Industry Analyst and Proxy Officer updates on its corporate governance, environmental, and social practices. As part of our engagement, we asked the company why it implemented a triennial vote on executive remuneration and expressed a strong preference for annual Say on Pay.

We also shared our views on the disclosure of Employment Information Report (EEO-1) data, a U.S. federally mandated report that discloses demographic workforce data, including data by race, ethnicity, gender, and job categories. The company had received a shareholder proposal on that topic, which we supported and gained 45% support at the 2022 annual meeting. We believed disclosing such data is standard among S&P 500 Index companies and encouraged the company to share that data so we may better understand and analyse the company's human capital management.

The company was receptive to our views. We continue to engage with the company on these topics and express our views through our voting.

Glencore

Sector: **Materials**

Region: **Europe**

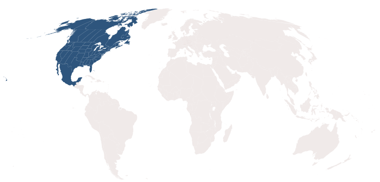
Engagement Topics: **Environmental**

Background and Objective: As discussed in our 2021 report, we have engaged with management of Glencore, a Switzerland-based natural resources company, to discuss its thermal coal business and other topics over the years. Ahead of the company's 2022 annual meeting, we engaged to better understand a proposal on the meeting ballot seeking shareholder approval of the company's climate progress report (Say on Climate). We noted both proxy advisory firms ISS and Glass Lewis did not support the proposal, and we sought to hear management's perspective on the issues raised, including asserted lack of disclosure on board oversight of climate strategy and concerns around the thermal coal business.

Process and Outcome: Our Global Industry Analyst, Proxy Officer, and ESG Integration Analyst participated in a virtual meeting with the company. During the engagement, management described the governance structure for its climate strategy, including the CEO's role in executing the strategy and the Board's oversight. Glencore recognised that it could have been more explicit in its disclosure of the Board's role in its climate plan and would recommend updates to its disclosure on management and Board climate plan oversight in the future.

We considered what we heard in the engagement and our historical knowledge of the company and industry. Ultimately, we determined that Glencore's Board oversight of its climate strategy was strong, and the issuer has committed to increasing its disclosure on this topic. Based on these conversations, we decided to vote in support of the 2022 climate progress report and had a follow up meeting with the company in June 2022. We plan to continue to engage on these topics going forward.

Booking Holdings



Sector: **Consumer Discretionary**

Region: **North America**

Engagement Topics: **Social**

Background and Objective: Booking Holdings (Booking) is a U.S.-based travel fare aggregator that is currently the largest online travel agency, and includes the brands Booking.com, KAYAK, and Rentalcars.com, among others. Dodge & Cox is aware of the concerns around Booking's involvement in the Occupied Palestinian Territories and its inclusion in the Report of the United Nations High Commissioner for Human Rights.

Process and Outcome: Over the years, we have spoken with Booking's management about the importance of the company's reputation for equity, inclusion, and fairness as a globally focused company. When the UN Report was flagged, we asked Booking's Investor Relations team if the company intended to address concerns raised by the report, and the team made it clear that the company would respond.

In February 2022, our Global Industry Analyst and Proxy Officer met with Booking to better understand its response to the UN Report and the concerns over the company's property holdings in the Occupied Palestinian Territories. We also wanted to learn what policies and procedures the company intended to put in place to avoid similar situations in the future. Booking created a Human Rights Risk Management Program designed to manage human rights issues identified at the company's locations and published a Human Rights Statement addressing this issue in April 2022. The company also agreed to label the properties located in Israeli Settlements as the Occupied Palestinian Territories for transparency to customers. We have asked that Booking keep us updated on the Human Rights Management Program and plan to continue our conversations with Booking management on this and other relevant issues.

GSK

Sector: **Health Care**

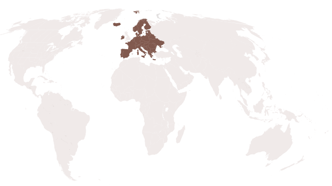
Region: **United Kingdom**

Engagement Topics: **Governance**

Background and Objective: GSK, formerly GlaxoSmithKline, is a UK-based pharmaceutical and biotechnology company. Our Global Industry Analyst wanted to discuss a variety of governance-related items, including management changes, the Board's key priorities, and its drug pipeline, among others.

Process and Outcome: We discussed changes to the Chief Financial Officer and Chief Scientific Officer positions. We were especially curious about management's and the Board's views on claims related to the company's Zantac product, a heartburn drug. We discussed the company's goal of delegating focus on matters involving Zantac to key members of the executive team and directors in order to allow the rest of the executive team and Board to focus on other issues.

Novartis



Sector: **Health Care**

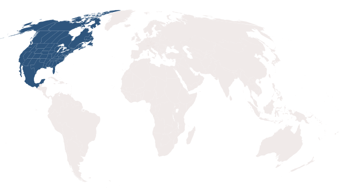
Region: **Europe**

Engagement Topics: **Governance, Social**

Background and Objective: Our Global Industry Analyst met with Novartis, a Switzerland-based pharmaceutical company, about its capital allocation, research and development (R&D) efforts, and workforce morale.

Process and Outcome: We spoke directly with the Chairman of the Board and discussed changes at the company over the past year. We focused our conversation on capital allocation and R&D efforts to better understand its key priorities. The Chairman explained management is currently focusing on and investing in organic growth while also looking for opportunities to supplement internal R&D efforts. Additionally, we discussed headcount reduction and the potential impact on morale. Novartis management reiterated it has confidence in the long-term benefit of these changes.

Ovintiv



Sector: **Energy**

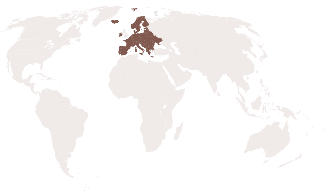
Region: **North America**

Engagement Topics: **Governance, Environmental**

Background and Objective: Our Global Industry Analyst provided feedback to the Board of Ovintiv, a U.S.-based exploration and production company, on our views of shareholder priorities on capital allocation, operations, and strategy.

Process and Outcome: We spoke with the Ovintiv Board about its capital allocation and debt reduction goals, as well as production plans and mergers and acquisition (M&A) plans. We also discussed the company's energy transition priorities, provided feedback on industry best practices, and shared our views on scale and industry consolidation. We continue to share our views with the Ovintiv team on the above mentioned and other relevant issues.

Roche



Sector: **Health Care**

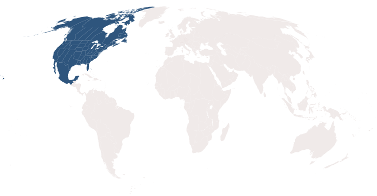
Region: **Europe**

Engagement Topics: **Governance, Social**

Background and Objective: Roche, a Switzerland-based health care company, announced in 2022 that the then-current CEO would move to the Executive Chairman role and the Head of Diagnostics would become CEO. Our Global Industry Analyst engaged with the company to inquire about potential turnover and general succession planning.

Process and Outcome: In discussions with the company, management gave us confidence that, while it plans for all scenarios, it did not expect a large amount of turnover because the company's executives are deeply invested in the vision of growing the company and increasing patient benefit. We continue to monitor turnover at Roche and discuss succession planning with the management team.

Suncor Energy



Sector: **Energy**

Region: **North America**

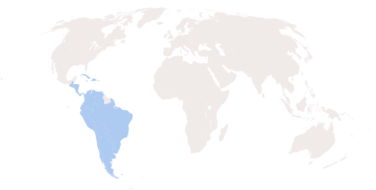
Engagement Topics: **Social**

Background and Objective: We noted reports of safety and operational issues at Suncor Energy, a Canada-based energy company. Multiple fatal incidents have occurred at various company sites in the last several years. The company's CEO resigned in July 2022, and we spoke with the interim CEO to address our concerns.

Process and Outcome: We met with the CEO and discussed key safety incidents in Suncor's mining area. We discussed mining safety and the results from external reviews the company had commissioned. We gained confidence from management's descriptions of the work the company is doing to address operational issues. Additionally, we discussed management changes at Fort Hills, one of the company's mining operations, and the need for a deeper bench of internal talent.

As the company's annual meeting took place earlier in April, we did not have the opportunity to escalate our issues by proxy vote in 2022. We are monitoring the remedial actions the company has taken to address safety issues and plan to engage with key individuals when appropriate.

Anonymous Fixed Income Security



Sector: **Utilities**

Region: **Latin America**

Engagement Topics: **Governance**

Background and Objective: In 2022, our Fixed Income Analysts considered the purchase of a new issue from a small Brazilian utility.

Process and Outcome: As part of our research, we provided feedback on what covenants would be desirable in a new issue. When the new issue was launched, we also identified a drafting error in one of the covenants. We brought this to the company's attention, and it fixed the error, benefiting all investors. Ultimately, we did not buy the bond, but our engagement was beneficial to all holders.

Principle 10

Collaboration

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

Engaging Collaboratively

We evaluate engagements on a case-by-case basis. We believe better outcomes can often be achieved by engaging directly and privately with companies. Thus, we do not typically file shareholder resolutions or join public campaigns unless we believe it would serve our clients' best interests. We describe in our 2021 report historical collaborative engagements around Dell Technologies and Bristol-Myers Squibb. In both those cases, we spoke with proxy advisory firms and other shareholders to understand their perspectives.

We will also consider communicating with other investors, including those with dissenting views, about specific companies we hold when we believe doing so is in our clients' best interests, likely to maximise the value of our clients' investment portfolios, consistent with our policies and procedures, and permissible under applicable laws and regulations. If we believe other investors have valid concerns, we may engage with them to understand their points of view. In undertaking any such activities, we seek to comply with all applicable legal requirements.

We acquire securities on behalf of our clients solely for the purpose of investment. We do not invest for the purpose of affecting, changing, or influencing the control of any company in which we invest.

We continue collaborating with other asset managers and institutional investors through our industry group memberships.

Collaborating Through Industry Groups

We continue collaborating with other asset managers and institutional investors through our industry group memberships. Please refer to Principle 4 for more detail on our involvement with those groups.

The Credit Roundtable

In 2022, our representative on the Credit Roundtable, as described in Principle 4, helped draft the Credit Roundtable's response to a looming change in the SEC's interpretation of a longstanding rule that, if implemented, threatened to impair price transparency and trading liquidity in an important segment of the bond market. This response, along with comments provided by other industry participants, was successful in extending the date for implementing the rule, providing time for more thoughtful analysis of its implications that may result in legislative action to reverse it.

Investment Company Institute (ICI) Proxy Issues Working Group

In 2022, the ICI sought comment from industry participants on a rulemaking proposed by the U.S. SEC that concerned the eligibility requirements for including a shareholder proposal in a company's proxy statement for shareholder consideration and vote. Members of our Proxy and Governance team, as well as our Legal team, participated in the debate around the proposal. The comment letter submitted by the ICI, with input from the ICI Proxy Issues Working Group, addressed the SEC's proposed narrowing of grounds upon which companies may exclude shareholder proposals from their proxy statements. The ICI Proxy Issues Working Group recommended against this element of the SEC's proposal on the grounds that its adoption would increase the number of shareholder proposals, but not necessarily their overall quality. The group will monitor the SEC's response; the SEC is set to finalise the rule in 2023.

Council of Institutional Investors (CII)

Our Proxy Officer attended a conference hosted by CII for corporate governance professionals, other institutional investors, regulators, and legislators. At this conference, we exchanged perspectives on topics including corporate governance and ESG regulations, engagement, trends, major issues, and developments. We were able to meet with peers, issuers, asset owners, advisers, and other industry professionals during this conference. These conversations helped us gain a greater understanding of how the industry as a whole is thinking through asset stewardship.

We speak with peers on a regular basis, sharing our evolving views and listening to their perspectives on many topics.

We speak with peers on a regular basis, sharing our evolving views and listening to their perspectives on many topics. Some of the topics we discussed with peers in 2022 included proxy proposals on climate change, diversity, ESG in remuneration, exculpation and indemnification of officers, and the mechanics of proxy voting. Participating in industry forums, panels, and conferences helps us stay current on best practices.

We recognise that in certain circumstances speaking as a group with other shareholders can be an effective way to engage with a company. We will continue looking for collaborative engagement opportunities that have the potential to benefit our clients more than private engagement. We will assess each opportunity to participate in a collaborative engagement on a case-by-case basis, taking into consideration factors such as the size of a holding in a company, the issue, what we deem will be the optimal engagement method, and compliance with all legal regulations.

Principle 11

Escalation

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

Escalation of Issues

When our Global Industry Analysts or Proxy and Governance team identify a particular ESG issue as financially material to our investment thesis, we may decide to look for opportunities to engage directly with the company. In particular, we aim to address issues when we believe our perspective has the potential to benefit the long-term outcome of the investment. We typically find engagement conversations to be productive and sufficient for us to express our views. If we feel a company has not adequately addressed our concerns on a certain issue, we may escalate our stewardship activities.

We evaluate and assess the potential outcome of each engagement based on management's reaction to the discussion, actions, and long-term performance. Because of our long-term investment outlook, we monitor issues we have identified over an extended period. If direct engagement with the company has not resulted in progress toward our stated objective, we may escalate the engagement through additional meetings with management and the board. Further escalation could include voting against the election of board members or voting against other relevant management proposals, or more formally communicating our views to the company (e.g. through a written letter). Examples of letter writing case studies were outlined in last year's report.

We generally continue to meet with a company after voting a significant proxy or submitting a letter. We meet with the purpose of understanding follow-up actions or improvements the company is making to address our issues.

Steps in our Escalation Process

Identify material financial risk or ESG-related issues

Meet with company to share views and hear company response

Make a proxy voting decision which might include voting against the election of members of the board or against relevant proposals

Formally communicate our views through letter writing

Continue to meet with company about follow-up actions or improvements

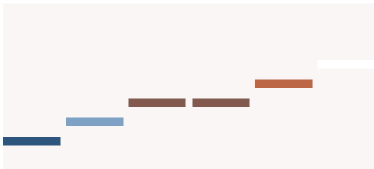
Adjust our position in a company if our investment thesis has changed or if we believe value is no longer there due to risk and lack of improvement

When escalating issues we generally involve the Global Industry Analyst who covers the particular company and more senior members of our investment team, such as our Chief Investment Officer, Director of Research, or members of our Investment Committees. If an escalation relates to making a proxy voting decision, the Proxy and Governance team may collaborate with members of the Proxy Policy Committee, Global Industry Analyst, and, when deemed necessary, the relevant Investment Committees to make a proxy voting decision we believe is in our clients' best long-term interests. These decisions may also include dialogue with the company.

As an active manager, we may also have the option to adjust our position in the company if our investment thesis has changed or if we believe the originally identified value proposition has eroded given specific risks or a lack of improvement. We will weigh the potential benefits of such action for our clients and consider on a case-by-case basis whether escalation is likely to contribute toward our objective on a particular issue and a better long-term investment outcome.

As outlined in the earlier visual, our escalation approach applies for all asset classes across all regions in which we invest. The following case studies illustrate some instances in which we escalated our stewardship activities in 2022.

Bayer AG



Sector: **Health Care**

Region: **Europe**

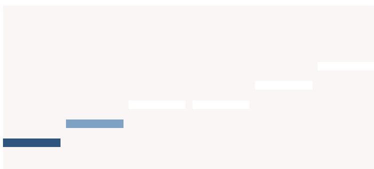
Escalation steps: **Continue to Meet**

Issue: Over the duration of our investment in Bayer, a German pharmaceutical and biotechnology company, we have identified concerns with the company's conglomerate structure. Last year, we noted adjustments to short-term incentive plan targets from the prior year that, in our view, potentially created misalignment between executive compensation and actual company performance.

Escalation Process: In 2022, our Global Industry Analyst, along with members of the Proxy and Governance team, expressed those concerns directly to members of Bayer's management team. After this conversation, we determined it was appropriate to escalate and vote against the remuneration plan and against the proposal to discharge the Board of Management, which is a resolution that when supported is typically used to signal shareholder confidence in management, at the 2022 annual meeting.

Outcome: The company's remuneration plan failed to pass, only garnering 24% of shareholder support at the 2022 meeting. The discharge of the Board of Management proposal passed with only 82% shareholder support. We had multiple discussions with the company after the annual meeting, focusing on changes we would like to see to Bayer's overall governance structure and compensation plan.

Nutrien



Sector: **Materials**

Region: **North America**

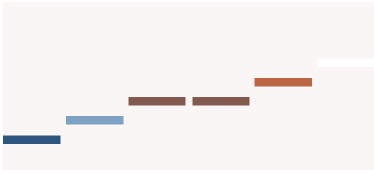
Escalation steps: **Meet with Company**

Issue: At Nutrien, a Canada-based fertiliser company, our Global Industry Analyst identified potential risk around executive turnover and succession planning when, in January 2022, the former CEO resigned unexpectedly.

Escalation Process: We met with both Nutrien's management team and the Chairman of the Board to discuss CEO and continued management turnover. We expressed concern about management stability, the relationship between the Board and the management team, and future succession planning.

Outcome: The company acknowledged our concerns. Succession planning and turnover continue to be a topic of conversation during our meetings with management and the Board.

Elanco Animal Health



Sector: **Health Care**

Region: **North America**

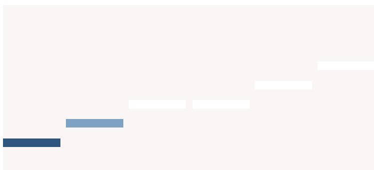
Escalation steps: **Continue to Meet**

Issue: In 2022, we identified corporate governance concerns at Elanco Animal Health, a U.S. pharmaceutical company which produces medicines and vaccines for pets and livestock. The company's governing documents did not allow shareholders to amend bylaws. Furthermore, the company did not remove—or establish a plan to sunset within a reasonable number of years—the classified structure of the Board. We view a classified board as problematic because that structure does not allow shareholders to vote on all directors every year. Given the company's IPO in 2018, we expected the company to have progressed or have made a commitment to establish annual elections of all directors by 2022.

Escalation Process: Our Proxy Officer and Global Industry Analyst discussed their concerns and determined a conversation with the company was appropriate. Discussions with the company did not resolve our concerns with the classified board structure. We decided to vote against two directors on the Governance Committee at the company's 2022 annual meeting.

Outcome: The Governance Committee members we voted against failed to receive majority support at the meeting, leading us to have further conversations with the company in the winter of 2022. We again explained that our vote expressed our concerns with the board structure rather than the individual directors. We also expressed our desire to see a declassified board and explained why we believe this structure is important. We intend to continue this dialogue and push for both a declassified board and the ability for shareholders to amend bylaws.

Cognizant



Sector: **Information Technology**

Region: **North America**

Escalation steps: **Meet with Company**

Issue: We identified attrition concerns at Cognizant, a U.S. information technology services and consulting company. Though attrition has been an issue across the information technology sector, we believe human capital management is a material ESG risk for the company given it has experienced attrition levels higher than its peers.

Escalation Process: In 2022, our Global Industry Analyst and Proxy Officer had various conversations with company management and Board members, including the Chairman of the Board and the Chairman of the Compensation and Human Capital Committee. Our ESG Integration Analyst also had a discussion with the company's Chief Sustainability Officer and the Global Head of Diversity & Inclusion. We shared our concerns about overall employee and senior management attrition and wanted to understand Cognizant's plans to address these issues. We also discussed the Board's oversight of succession planning.

Outcome: We continue to speak with the company to better understand how it is addressing these concerns. After our engagement meeting, Cognizant put certain actionable items in place including pay changes, allowances for midcycle promotions, and continued updates to its ESG and DEI programs. In January 2023, a CEO transition occurred. We are continuing to discuss our concerns and hope to see more employment stabilisation through the next year.

Exercising Rights and Responsibilities

Members of various Investment Committees

Raymond Mertens
Global Industry Analyst, Investment Committee Member (International and Global Equity)

Lily Beischer
Global Industry Analyst, Investment Committee Member (Global Equity)

David Hoeft
Chief Investment Officer, Investment Committee Member (U.S., Global, and Emerging Markets Equity, and Balanced)

Philippe Barret, Jr.
Global Industry Analyst, Investment Committee Member (U.S. Equity and Balanced)

Principle 12

Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

Exercising Our Rights and Responsibilities

We view exercising our proxy voting rights as an important component of our stewardship responsibilities. As discussed in Principle 5, we have adopted a detailed Proxy Voting Policy containing guidelines to address the majority of common proxy matters. Our policy applies to all vehicles and separate accounts where we have voting authority.

Our Proxy Voting Process

Our Proxy Officer or her delegate reviews all proxies. Our Global Industry Analysts also review proxies for the companies they cover when deemed appropriate by the Proxy Officer or delegate. We vote proxies according to our Proxy Voting Policy and may also consult the Proxy Policy Committee, which consists of the Proxy Officer, Global Industry Analysts, a subset of the firm's Investment Committee members, and individuals from our Legal and Compliance teams. For certain companies held in our Emerging Markets Stock Fund, we use Institutional Shareholder Services (ISS) as a delegate to implement our Proxy Voting Policy.

When items are not covered under our policy, our Proxy Officer or delegate may work directly with the Global Industry Analyst and a member of our Proxy Policy Committee to perform an additional review. We believe having multiple individuals review our rationale and voting decisions best serves our clients. A few examples of topics we consistently review on a case-by-case basis are mergers and acquisitions, golden parachutes, related party transactions, and contested elections. When considering vote decisions, we will vote proxies according to our policy in a way which, in our opinion, best serves our clients in their capacity as company shareholders.

To uphold the integrity of the proxy voting process, we perform ballot-to-ballot, share-to-share reconciliations for all widely held meetings to ensure we are executing all eligible votes.

Monitoring Voting Rights

To uphold the integrity of the proxy voting process, we perform ballot-to-ballot, share-to-share reconciliations for all widely held meetings to ensure we are executing all eligible votes. Our Proxy and Governance team works with our Client Service Associates during account set-up and interfaces directly with our clients' custodians to facilitate proxy voting. Accounts that have delegated voting authority to Dodge & Cox are set up to deliver electronic ballots to our vote administrator, ISS, so we can execute our votes through the ISS platform. To facilitate this process, we send a record of our holdings to ISS daily. When ballots are missing or shares do not reconcile with our expectations, we reach out to the separate account client's or fund's custodian, confirming the account has been set up correctly and asking for control numbers for any missing meetings so we can ensure votes are cast.

We also maintain a votable shares monitoring system, leveraging information we receive from Bloomberg that informs us if a security has voting rights attached to its shares. Companies listed in certain jurisdictions, for example France, may issue securities with double voting rights and extra dividends with registered shares. For those eligible shares that we have chosen to register, we also track the extra voting rights we receive.

When making proxy voting decisions, we rely on our own Proxy Voting Policy.

How We Use Proxy Research Firms

As described in Principle 8 and earlier, Dodge & Cox has retained ISS to administer proxy voting and reporting for our clients. We also review proxy research from ISS and Glass Lewis as one component to our proxy process. When making proxy voting decisions, we rely on our own Proxy Voting Policy. Our voting decisions are informed by our company discussions and engagements, local market standards, and analysis/input from our Proxy and Governance Team as well as our Global Industry Analysts and Investment Committees. In 2022, we voted against our proxy adviser's (ISS) recommendations approximately 11% of the time.

Considerations for Separate Account Clients

Separate account clients have the option to vote their own securities, or to have Dodge & Cox vote securities on their behalf in line with the Dodge & Cox Proxy Voting Policy. In separate accounts where Dodge & Cox has been given full discretion to vote proxies, we vote based on our principle of maximising shareholder value. We do not accept delegation of proxy voting responsibilities where separate account clients mandate use of their own proxy voting policy, though we may be able to work with our proxy administrator, ISS, to implement other voting policies per our clients' Investment Management Agreement, such as the ISS policy.

Voting Limitations

We vote securities for which we have full proxy voting authority consistently across all our portfolios and funds in accordance with our Proxy Voting Policy. While we use our best efforts to vote proxies, in certain circumstances it may be impractical or impossible to do so. For example, when a client has loaned securities to a third party, those securities are generally not available for proxy voting. Dodge & Cox may also be prohibited from voting certain shares or required to vote in proportion to other shareholders under applicable regulatory requirements or company governance provisions.

Corporate governance standards, disclosure requirements, and voting mechanics vary greatly across international markets in which we invest. Some international markets require that securities be "blocked" or registered to vote at a company's meeting. Absent an issue of compelling importance, we will generally not subject our clients to liquidity loss imposed by these requirements.

Additionally, we may not be able to vote proxies in connection with certain international holdings if we do not receive information about the meeting in time to vote the proxies or we do not meet the requirements necessary to vote the securities. The costs of voting (e.g. custodian fees, vote agency fees, information gathering) in international markets may be substantially higher than for U.S. holdings. As a result, we may limit our voting of international holdings in instances where the issues presented are unlikely to materially impact shareholder value.

Our 2022 Proxy Voting Activities

In 2022, we were eligible to vote at 593 meetings across 49 markets. We voted at 100% of these meetings.

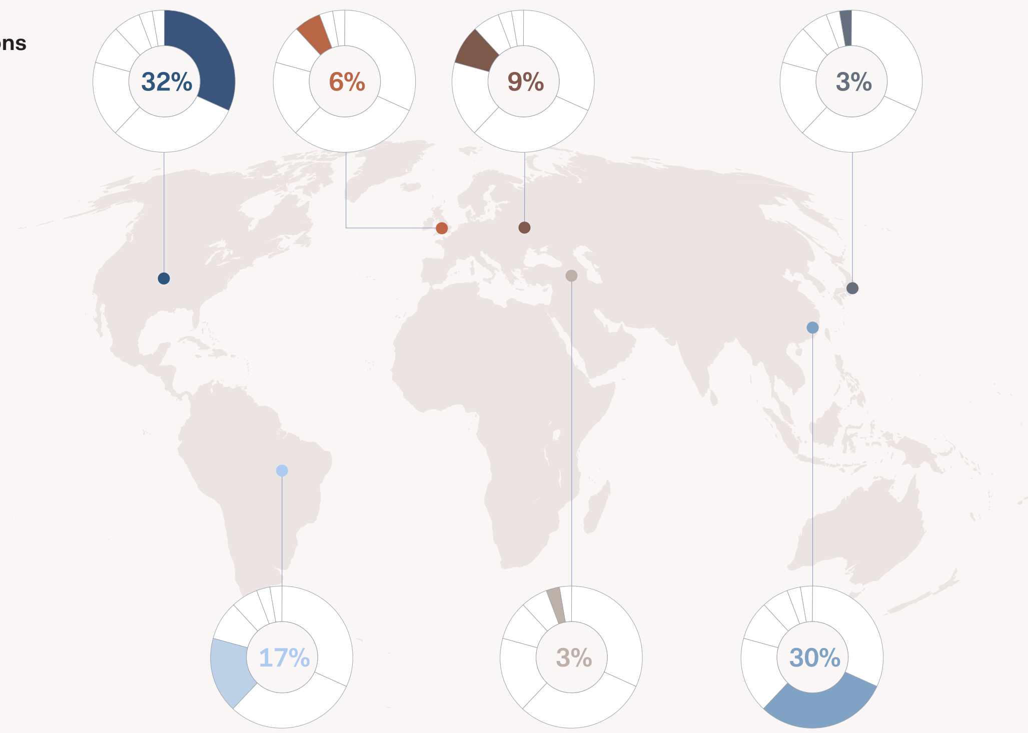
593
Unique meetings voted

7,232
Total proposals voted

245
Meetings where voted against management on at least one proposal

35%
Percentage of shareholder proposals supported

We Voted 100% of Eligible Meetings Across Various Regions



	Meetings Voted
North America	189
Asia (ex-Japan)	179
Latin America	102
Europe (ex-UK)	53
UK	37
Middle East & Africa	18
Japan	15
Total	**593**

Region based on country of incorporation. Includes all securities held in the Dodge & Cox Funds, Dodge & Cox Worldwide Funds, and separate accounts that have designated proxy voting authority to Dodge & Cox.

Rationale for Votes Against Management

Dodge & Cox normally votes in support of company management when it aligns with our Proxy Voting Policy. We do, however, vote against proposals that we believe would negatively impact the long-term value of our clients' shares. We may speak with management when we vote against certain proposals.

We keep a record of our rationale for all votes, including all votes against management, on shareholder proposals, and on proposals not covered by our Proxy Voting Policy. Examples of situations where Dodge & Cox may vote against a management proposal and the corresponding rationale include:

- Voting against a director nominee when insufficient information is provided on the nominee;
- Voting against a director nominee linked to risk oversight or corruption concerns;
- Voting against proposals to establish cumulative voting, as cumulative voting does not align voting interest with economic interest in a company;
- Voting against the creation of separate classes with different voting rights, as dual class capitalisation structures provide disparate voting rights to different groups of shareholders with similar economic investments; and
- Voting against excessive severance packages or golden parachute agreements that do not align with shareholders' best interests.

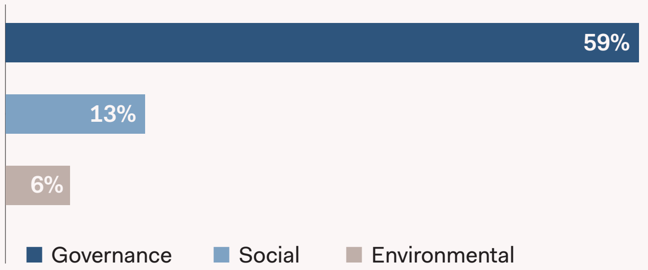
We typically supported shareholder proposals requesting information or data enabling us to better assess material financial risks to the company around social and environmental issues such as human capital, climate change, and energy transition.

How We Consider Environmental and Social Proposals

We believe management is generally in the best position to make decisions regarding a company's strategy and business operations. We expect management to identify and oversee financially material environmental and social risks and to disclose those risks to shareholders. To the extent not addressed in our Proxy Voting Policy, we will review management and shareholder proposals related to social and environmental issues on a case-by-case basis and will consider supporting proposals that address material issues we believe will protect and/or enhance the company's long-term value. For example, in 2022, we typically supported shareholder proposals requesting information or data enabling us to better assess material financial risks to the company around social and environmental issues such as human capital, climate change, and energy transition. We also supported certain management climate strategy proposals. In 2023, we expanded the language in our Proxy Voting Policy to detail our views on other environmental and social proposals including oversight of ESG, disclosure of metrics, climate change and energy transition, and diversity, equity, and inclusion (DEI).

In 2022, we supported 35% of all resolutions raised by shareholders. The following chart breaks down Dodge & Cox's support levels for shareholder ESG proposals in 2022. While not portrayed in the graphic below, we did support all 13 management proposed climate related resolutions during the 2022 calendar year.

Shareholder Proposal Support Level by Category in 2022



Key Shareholder Proposal Topics Supported in 2022

Based on our Proxy Voting Policy, our Proxy and Governance team commonly supported these types of proposals, among others, in 2022:

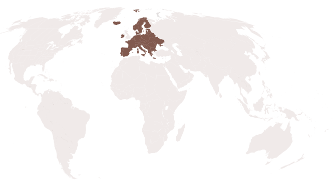
Governance	Social	Environmental
▪ Provide right to act by written consent ▪ Amend proxy access right ▪ Submit severance agreement (change-in-control) to shareholder vote	▪ Adopt policy to annually disclose EEO-1 data ▪ Publish an annual report assessing diversity and inclusion efforts ▪ Report on gender/racial pay gap	▪ Report on climate-related risks and opportunities

How We Disclose Our Proxy Voting Activities

We disclose all our proxy voting activities for our U.S. mutual funds to the SEC through our form N-PX as well as annually on our website. We also disclose the proxy voting activities for our UCITS funds on our website.

Separate account clients can request proxy voting reports detailing meeting information, ballot proposals, and the votes Dodge & Cox has cast for each proposal. Reports can be distributed on a quarterly or ad hoc basis based on the individual client's request.

Anheuser-Busch InBev SA/NV



Sector: **Consumer Staples**

Region: **Europe**

Issue: In 2022, we identified concerns with the executive remuneration policy of Anheuser-Busch InBev (AB InBev), a Belgium-based drinks and brewing company. Specifically, we were concerned that the long-term incentive plans did not clearly define maximum award limits and lacked sufficient disclosure of performance metrics. We believed the policy could lead to excessive pay levels versus AB InBev's peer group.

Process: Our Proxy Officer and Global Industry Analyst discussed their concerns about the Board's level of discretion over compensation in AB InBev's compensation program. Our Proxy Officer and Global Industry Analyst communicated their vote recommendations to the Proxy Policy Committee and members of the relevant Investment Committees. Although we acknowledged it was appropriate for the Board to retain the flexibility to compensate company management for outstanding performance, we believed that the existing policy provided the Board with too much discretionary authority to set compensation levels.

Outcome: We voted against the proposal to approve the remuneration policy. The proposal passed with 76% of votes cast in support of the policy. Dodge & Cox will continue to engage with the company on its remuneration policy and practices.

XP Inc.

Sector: **Financials**

Region: **Latin America**

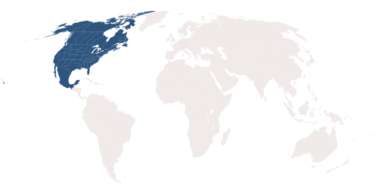
Issue: At its October 2022 meeting, XP Inc., a Brazil-based investment management company, proposed changing the company's authorised share capital to re-designate a number of class A common shares as class B common shares in accordance with the company's articles. Class A shares entitle holders to one vote per share, and class B shares entitle holders to 10 votes per share.

Process: Our Global Industry Analyst and Proxy and Governance team were concerned that the proposal continued to perpetuate a dual class structure. Further, as holders of Class A shares, we were limited in our purchasing power by the amount of class A shares in the market. The proposal sought to repurpose class A shares to class B shares, which we believed limited our purchasing power even further.

We reached out to the company prior to our vote and expressed our concerns that the updates to the articles would limit our purchasing power. The company stated it had not considered this before and it was not management's intention. We further communicated that we do not typically support proposals that restrict our ability to buy shares.

Outcome: We voted against this proposal. The company disclosed that the proposal passed at the meeting. We have continued to engage with the company.

Zimmer Biomet



Sector: **Health Care**

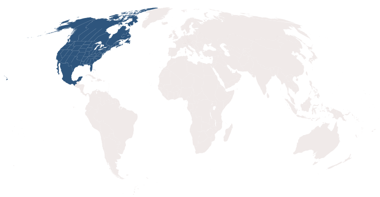
Region: **North America**

Issue: Zimmer Biomet, a U.S.-based medical technology company, sought shareholder approval of a number of compensation practices in 2022. We identified two concerns with the compensation plan: 1) converting previously granted performance equity into time-vesting equity without providing sufficient rationale; and 2) allowing for the vesting of grants that were not projected to earn a payout due to underperformance.

Process: The Global Industry Analyst, Proxy and Governance team, and other members of the Proxy Policy Committee discussed whether a vote against the proposal was warranted. We also engaged with Zimmer Biomet to better understand the company's point of view and express our concerns that the compensation plan might not sufficiently align executive pay with performance given the removal of performance targets. While we understood that factors such as COVID and the spinoff of an operational unit within the business had affected the ability of the company to meet compensation targets, we believed the company could have adjusted compensation targets to account for these factors instead of making the changes to the equity awards under the compensation plan that we had identified as a concern.

Outcome: We voted against the company's Say on Pay proposal at the company's May 2022 meeting. Zimmer Biomet's compensation plan passed by a slim margin with 53% support. We continue to engage with the company and share feedback, both on the substance of the changes and the disclosure provided for target adjustments.

Occidental Petroleum



Sector: **Energy**

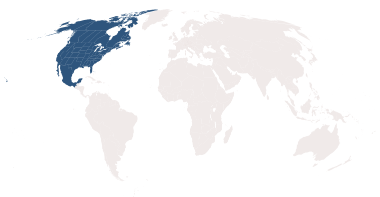
Region: **North America**

Issue: Occidental Petroleum, a U.S.-based oil and gas company, received a shareholder climate proposal ahead of its May 2022 meeting. The proposal included a request that the company set and publish targets consistent with the Paris Agreement.

Process: Prior to the proxy vote, our Proxy and Governance team and ESG Integration Analyst spoke with the company about the proposal and Occidental's current climate strategy. The company indicated that it had already set Paris Agreement-aligned targets after shareholder feedback. Based on our analysis, we view Occidental as a leader in the industry and believe that the direct air capture (DAC) technology the company is investing in could be very beneficial to its business over the long-term. We believe its current climate strategy and goals are adequate and that its governing and reporting structure on climate are strong.

Outcome: We did not support the shareholder proposal at the company's meeting. The proposal did not pass, receiving only 17% support. We continue to engage with the company on the energy transition and other climate-related topics.

Hewlett-Packard



Sector: **Information Technology**

Region: **North America**

Issue: Governance played a significant role in our evaluation of Hewlett-Packard, a U.S. information technology company. In 2011, we became concerned about Hewlett-Packard's capital allocation after it decided to acquire Autonomy, a UK-based software company, at a premium we felt was unjustified. Hewlett-Packard had also paid a high valuation for several other deals that had reduced its financial flexibility and ability to conduct large share repurchases.

Process: We discussed these concerns with Hewlett-Packard's Board and management team at the time. Ultimately, we decided to vote against certain Board members who were strong advocates of the Autonomy transaction.

Outcome: Hewlett-Packard subsequently split into HP Inc. (HPQ) and Hewlett Packard Enterprise (HPE). Over the past several years, we have actively continued to discuss governance and capital allocation concerns with the company's management team. In 2022, the Global Industry Analyst, the relevant Investment Committee, and the Proxy and Governance team agreed to continue to vote against the independent director Raymond Lane at HPE, as his views on capital allocation did not align with ours.

Fixed Income Portfolios

Fixed income portfolios rarely present proxy voting issues. Nonetheless, we take an engaged approach with our fixed income investments. When comparable situations arise, such as a tender offer, we evaluate and respond in a manner that we believe is aligned with our clients' best interests.

Our Credit Research Analysts typically review relevant bond covenants. When possible, we try to negotiate tighter covenants at the time a company issues debt. Our success varies throughout the economic cycle. When markets are bullish and liquid, we usually have limited bargaining power. However, when conditions are less liquid, our requests are more likely to be considered (e.g. we have more opportunity to condition our offer to purchase a company's bonds on certain documentation changes). Some examples of successful debt negotiations include Legg Mason in 2012 and Sallie Mae in 2008. We describe other fixed income examples in the following case studies.

In 2022, in the accounts under our management, we analysed tender and exchange offers for approximately 100 bonds from approximately 20 issuers. We participated in those offers we believed were in our clients' best interests and declined offers we deemed unattractive. In a small number of cases, we sought to negotiate better terms or provided feedback to the issuer about the conditions under which we would participate.

Money Market Funds

While our fixed income holdings do not typically include proxy voting rights, we do vote on certain proposals that relate to money market funds selected as cash sweep vehicles by our separate account clients and funds. These are typically the most common proxy votes in our fixed income portfolio. Our vote guidelines for these types of mutual fund proxies can be found in our Proxy Voting Policy.

Anonymous Issuer

Sector: **Energy**

Region: **Latin America**

Issue: A Latin American corporate issuer in our portfolio sought to repurchase some of its debt during the year.

Process: Our Credit Research Analyst communicated with the company's senior management and finance team to convey that we believed the company's initial tender offer undervalued the securities, despite its premium to the prevailing market price. As a major holder of the company's debt, we worked with the issuer and were able to negotiate an improvement in the tender price by more than $1 per $100 par.

Outcome: This improved pricing benefited our own clients, as well as all investors who participated in the tender.

Anonymous Issuer

Sector: **Financials**

Region: **United Kingdom**

Issue: A major UK bank launched an exchange offer for its legacy subordinated debt to bring the terms in line with changes to the regulatory framework.

Process: Our Credit Research Analyst conveyed to members of the issuer's Treasury team our views on the relative loss-absorption characteristics of the current bonds and the exchange bonds.

Outcome: The issuer understood our concerns. We ultimately declined to participate.

Conclusion

Our mission is helping our clients meet their investment goals.

In Closing

At Dodge & Cox, our mission is helping our clients meet their investment goals. To deliver on that mission, we act as stewards of our firm and our clients' capital. Since 1930, we have operated our business based on our strong corporate governance, client-aligned values, and commitment to give back to our community. We recognise that stewardship is an evolving journey. We hope this report helped you gain a deeper understanding of how we approach stewardship, our governance model, and the initiatives we have in place to continue enhancing our approach over time.

Important Information

This report is being furnished for general informational purposes only. The document does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. The information in this report is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified are subject to change without notice and do not represent an account's entire holdings.

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Dodge & Cox®

San Francisco
Headquarters, Global Research, and Client Service

Dodge & Cox
555 California Street
40th Floor
San Francisco, California 94104
+1 415-981-1710

London
Client Service

Dodge & Cox Worldwide Investments Ltd.
48 Pall Mall, St. James's
London
SW1Y 5JG
+44 (0)203 642 3370

Shanghai
China Research

Dodge & Cox Investment Consulting (Shanghai) Co., Ltd.
International Finance Center
Unit 3601-05, Floor 36, Tower B
8 Century Avenue
Pudong District, Shanghai 200120, China