2023

Stewardship and ESG Integration Report

Dodge & Cox®

Introduction

We believe stewardship has two dimensions: how we build and manage our investment portfolios on behalf of our clients, and how we manage our firm for the benefit of our clients and employees.

2023 was a complicated year for the global capital markets by many measures. Fixed income and equity markets began the year buffeted by high inflation, fears of a potential global recession, geopolitical turmoil, turbulence in the Financials sector, and the lingering economic effects of COVID. Inflation declined around the world. Despite still-high interest rates and the escalating conflicts in Ukraine and the Middle East, most asset classes broadly delivered strong performance for the year.

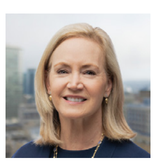
Dynamic market environments like this underscore the importance of stewardship. We believe stewardship has two dimensions: how we build and manage investment portfolios on behalf of our clients, and how we manage our firm for the benefit of our clients and employees.

The combination of independent ownership, our commitment to value-oriented investing, and deep fundamental research—across companies, debt issuers, sectors, and geographies around the world—drives our ability to deliver alpha for our clients over the long term. Moreover, we believe assessing financially material environmental, social, and governance (ESG) factors can be a critical component of our ability to understand a company's or issuer's return potential.

In this report, we detail our approach and the specific initiatives we undertook in 2023. These include our engagement with company management teams and boards, expanding our analysts' access to companies' human capital data, and continuing to refine the way we communicate our approach to stewardship and ESG integration.

We hope this report helps you understand how we have put into practice the principle of stewardship in managing both our clients' assets and our firm, and how we align all we do with our steadfast focus on investment excellence. We welcome your feedback, and we are grateful for the confidence you have placed in Dodge & Cox.

Sincerely,



Dana Emery
Chair and CEO

Steven Voorhis
Director of Research

Firm Stewardship

Who We Are

Our founders, Van Duyn Dodge & Morris 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 focused on clients and community. One with a simple business model focused entirely on pursuing investment excellence. One built on a bedrock of independent ownership, integrity, and stability—so it could serve our clients not just for decades, but for generations.

From our beginnings in San Francisco, we are now 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 to help our clients meet their long-term investment goals. Our employees invest their own savings in the same strategies we offer our clients.

Our long-term investment focus enables us to identify how companies are positioned today and critically analyze how they are adjusting their strategies to address changes in the external environment.

Our active investment approach centers 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. Our global investment team rigorously researches equity and debt securities, incorporating financially material ESG and macro factors into their analysis. Our Investment Committees include portfolio managers and analysts with a range of diverse perspectives. They build conviction for our investments by stress testing our thinking collectively and making decisions together. Our decision-making process is designed to minimize individual biases and spur dynamic debate.

At Dodge & Cox, we focus on pursuing investment excellence because we know better outcomes mean greater opportunities for our clients, 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. Effective stewardship and decision-making in both areas are essential for us to achieve our goal of preserving and enhancing our clients' wealth over the long term. As stewards of our clients' capital, we assess how the companies we invest in manage their businesses. Our long-term investment focus enables us to identify how companies are positioned today and critically analyze how they are adjusting their strategies to address changes in the external environment, including regulation and societal expectations.

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.

Firm Leadership

(*Left to right*)

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

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

How We Manage Our Firm

We manage our firm similarly to how we manage our investment strategies: we take a collaborative approach based on thoughtful research, a long-term horizon, and alignment with our clients' expectations. This consistent approach helps ensure stability, drives continuous improvement, and supports succession planning. Our organizational 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 our firm, across investment management, stewardship, client service, and operations.

We strive to be good corporate citizens. Our founders believed Dodge & Cox should play an important role in our community and prioritized providing guidance 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.

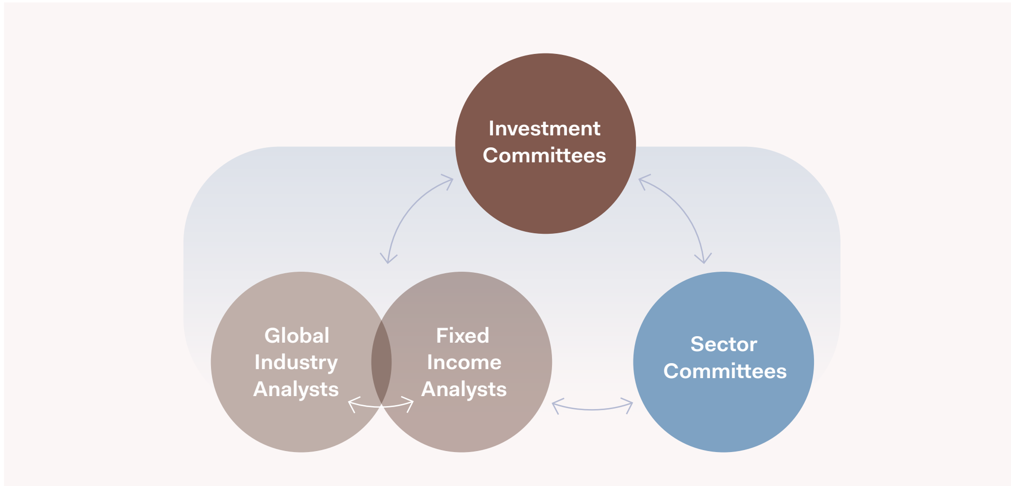
- Charitable giving and volunteerism are strong elements of our culture. The firm supports non-profit entities centered on providing educational opportunities for individuals and families in underserved communities as well as organizations focused on social justice, global relief, and environmental sustainability. We organize and support a range of opportunities for employees to make an impact.
- As a firm, we are committed to cultivating a diverse, equitable, and inclusive workplace because we believe engaging diverse perspectives leads to better decision-making and better outcomes for our clients. We look to further our efforts through intentional processes and initiatives, such as enhancing firm-wide employee engagement and expanding our recruiting pipeline.
- We have also focused on sustainability efforts for many years. These have included leasing our offices in LEED[1]-certified buildings in the U.S. and Shanghai and a BREEAM[2]-certified building in London, being intentional about business travel, reducing waste and energy usage, mitigating the impact of our greenhouse gas emissions through the purchase of carbon allowances, and providing educational sessions on sustainability to our employees.

Our Time-Tested Investment Approach

As an active manager, we believe successful investing requires the conviction that comes from deep fundamental research and the patience to invest for the long term. We build investment portfolios security by security, looking for opportunities to take advantage of price inefficiencies that create opportunities for producing attractive long-term equity and fixed income returns across a range of economic and market scenarios.

We apply our value-oriented investment philosophy across the select set of strategies: U.S., global, international, and emerging markets equity; balanced; and U.S. and global fixed income. Our Investment Committees construct portfolios through careful security selection, diversifying them across sectors and maintaining a high active share.[3] Our approach enables us to better understand our investments' potential opportunities and risks and serves as a key source of differentiation and value-add for our clients.

[1] Leadership in Energy and Environmental Design
[2] Building Research Establishment and Environmental Assessment Method
[3] Active share is a measure of the percentage of holdings in a manager's portfolio that differs from the benchmark index.



Our equity and fixed income investment teams, which work collaboratively across the capital structure, are the engine behind idea generation and risk analysis for our investment strategies.

Our equity and fixed income investment teams, which work collaboratively across the capital structure, are the engine behind idea generation and risk analysis for our investment strategies. Our Global Industry Analysts cover industries and companies around the world, drawing on the expertise and analysis of our Credit Research Analysts to develop a comprehensive view of companies' entire capital structures. We apply a similar approach to evaluating other fixed income investments, such as structured products and government-related securities. Our Fixed Income Analysts validate and stress test the downside protection of each credit and structured product investment opportunity.

As part of our equity and fixed income security selection process, we consider ESG and 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 a company's long-term value or an issuer's ability to fulfill its debt obligations. We refer to this approach as ESG integration.

Through our deep fundamental research, we seek to understand a company's or issuer's strategy and governance structures and its leaders' commitment to operating a business for the benefit of long-term stakeholders. An important part of our investment process is our ongoing dialogue with the management team and board of a company. We engage on issues that could be financially material to our investment thesis to understand a company's long-term strategy and its management team's actions. We also vote proxies for which we have authority where operationally, legally, and reasonably feasible under the terms of our Proxy Policies and Procedures.

Our Client Base and Where We Work

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

As of December 31, 2023, we managed $363 billion in assets and had 352 employees across our offices. We offer a focused set of strategies across three primary investment vehicles: U.S. mutual funds, UCITS funds, and separate accounts.

We make investment decisions from our office in San Francisco. Investment team members work closely to facilitate continual discussions of research and investment ideas. We employ both formal and informal processes to formulate investment advocacies and make decisions. A Shanghai-based research subsidiary supplements our investment research insights and company management access in China.

We manage our U.S. client service effort from San Francisco and serve professional investor clients outside the United States through our offices in London and Munich. In addition, our offices in San Ramon, California and Boston, Massachusetts support our business operations.

Our 3:2 hybrid working model—whereby staff work in the office Tuesdays through Thursdays and have the option of working remotely on Mondays and Fridays—enables us to maintain and strengthen our culture of investment excellence while offering greater flexibility to our employees, and supports our sustainability efforts.

Our Compliance Approach and Code of Ethics

As an employee-owned firm, our independence enables us to make both investment and business decisions we believe serve our clients' best long-term interests. The focus on clients' long-term success, rather than sales or asset gathering, means our culture is also rooted in compliance. Throughout our history, we focused on serving our clients without the distraction of certain 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, offering trailer fees, providing non-ancillary services, or compensating employees based on sales.

Dodge & Cox maintains comprehensive compliance policies and procedures reasonably designed to address conflicts of interest, prevent and detect violations of securities laws and regulations, and help maintain our firm's strong reputation. We also maintain and enforce 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 guides our employees to operate with the goal of servicing client's interests before their own and requires our employees to avoid or disclose potential conflicts of interest.

We focus 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.

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 work to help our clients meet their financial goals by adhering to our time-tested investment approach, which centers on fundamental research, value-oriented security selection, and company engagement. We believe evaluating financially material ESG factors helps us better understand a company's or bond issuer's potential risks and opportunities and our approach to stewardship responsibilities is an important part of our investment process. We do not advertise or compensate anyone for bringing in new assets. Instead, we focus 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. Our independence and financial strength allow us to make decisions aligned with our clients' long-term interest. We are grateful for the recognition our firm has received in our industry for our commitment to stewardship.

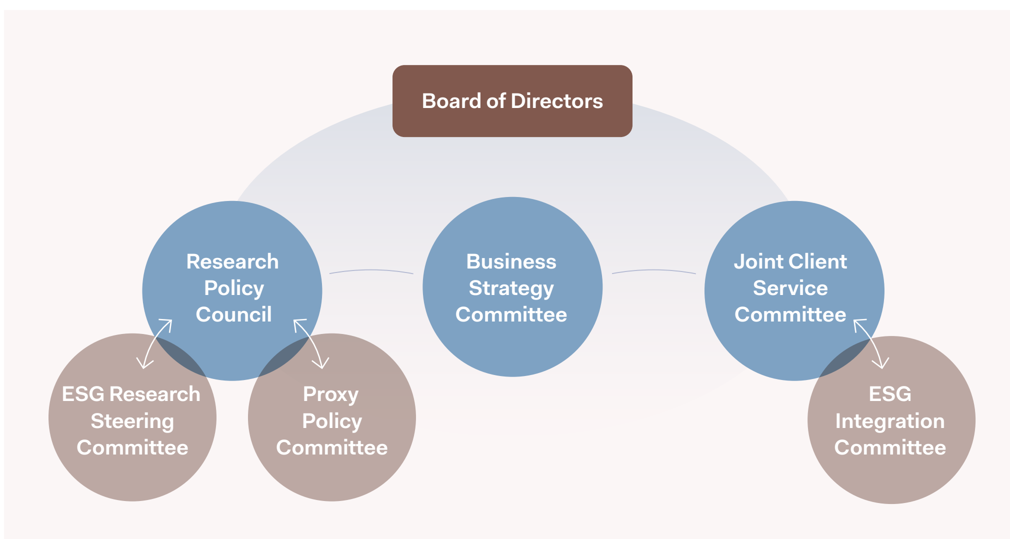
ESG Governance Structure and Resources

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

Governance: How We Manage and Support Our Stewardship Responsibilities

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 (RPC). Our RPC is a group of senior investment leaders—including our Chief Executive Officer (CEO) and Chief Investment Officer (CIO)—that evaluates and supports the firm's investment team and long-term resource needs. Global Industry and Credit Research 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 topic 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 (BSC) monitors and evaluates opportunities and challenges facing our overall business. The Committee includes all members of Dodge & Cox's Board of Directors and RPC and some members of our Joint Client Service Committee (JCSC), as well as other senior business leaders. Our JCSC oversees and coordinates the firm's client service effort across departments and strategies, including evaluating the firm's client communications and monitoring industry trends affecting our clients. Overall, the BSC 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. We also have fully dedicated ESG professionals who support our ESG integration and investment stewardship efforts.



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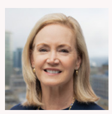
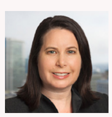
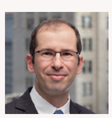
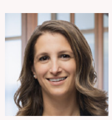
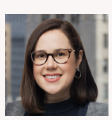
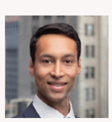
Our Collective Decision-Making

In line with our team-based culture, three committees drive our ESG-related initiatives: the ESG Research Steering, ESG Integration, and Proxy Policy Committees. This oversight structure helps promote collaboration among our ESG professionals and individuals in various departments across the firm. We describe each of these Committees below and outline the seniority, experience, and diversity of their members.

ESG Research Steering Committee

Our ESG Research Steering Committee works to formalize and further develop the ways in which we integrate ESG factors into our investment process. We established this Committee in 2021 because we recognized 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 RPC and is led by our Director of Research, Steven Voorhis.

Our ESG Research Steering Committee works to formalize 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	40	40	D&C Board, BSC, RPC, JCSC	U.S. Fixed Income, Global Fixed Income
	**Steven C. Voorhis, CFA (Chair)** Director of Research	29	27	WWF Board, BSC, RPC	U.S. Equity, Global Equity
	**Amanda L. Nelson** Global Industry Analyst	27	23		
	**Matthew B. Schefer, CFA** Fixed Income Analyst	17	15		Global Fixed Income, Balanced
	**Sonia F. Lurie** Head of Investment Stewardship and Proxy Officer	14	12		
	**Tory H. Sims, CFA** Head of ESG Integration and ESG Integration Analyst	9	7		
	**Raja Patnaik, Ph.D.** Portfolio Strategy Analyst	6	4		
Average of industry and firm tenure		**20**	**18**		
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.

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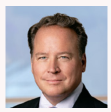
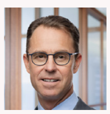
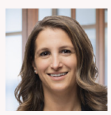
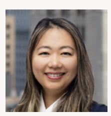
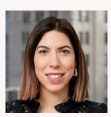
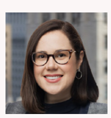
ESG Integration Committee

Our ESG Integration Committee evaluates the continuing evolution of client expectations and asset management trends regarding ESG. This Committee guides our client communication efforts on our ESG integration approach, assesses ESG-related industry and regulatory trends, and advocates for business enhancements as needed. The Committee reports to our BSC and JCSC and is led by our Head of ESG Integration, Tory Sims. It began as a working group in 2017 and was formalized as a Committee in 2021.

Our ESG Integration Committee evaluates the continuing evolution of client expectations and asset management trends regarding ESG.

		Industry Experience (years)	Firm Tenure (years)	Board and Business Committees*	Investment Committees
	**Stephen A. Haswell** Managing Director, Dodge & Cox Worldwide Investments Ltd.	30	3	WWF Board, JCSC	
	**Steven T. Gorski** Director of Client Service	29	29	BSC, JCSC	
	**Sonia F. Lurie** Head of Investment Stewardship and Proxy Officer	14	12		
	**Caitlyn C. Phan** ESG Client Portfolio Analyst	14	7		
	**Laurence V. Reeves** Client Service Operations Associate, Dodge & Cox Worldwide Investments Ltd.	14	7		
	**Tory H. Sims, CFA (Chair)** Head of ESG Integration and ESG Integration Analyst	9	7		
	**Doug M. Silverman** Head of Client Reporting and Internal Client Service	7	7		
Average of industry and firm tenure		**17**	**10**		
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.

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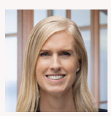
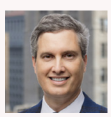
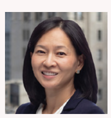
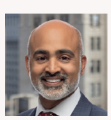
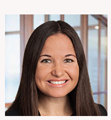
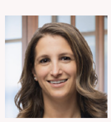
Proxy Policy Committee

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 Investment Stewardship team (see "Our Dedicated ESG Professionals" section below for more information) review key votes and provide a summary of issues and high-profile meetings to the Proxy Policy Committee annually. The Committee reports to our RPC and is led by Sonia Lurie, our Head of Investment Stewardship and Proxy Officer.

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	34	17		
	**Steven C. Voorhis, CFA** Director of Research	29	27	WWF Board, BSC, RPC	U.S. Equity, Global Equity
	**Roger G. Kuo, CFA** President	28	25	D&C Board, BSC, RPC	International Equity, Global Equity
	**Katherine M. Primas** Chief Compliance Officer	27	18		
	**John N. Iannuccillo, CFA** Global Industry Analyst	26	26		
	**Lily S. Beischer, CFA** Global Industry Analyst	22	22		Global Equity
	**Arun R. Palakurthy, CFA** Global Industry Analyst	19	15		
	**Megan A. O'Keeffe, CFA** Compliance Officer	18	18		
	**Sonia F. Lurie (Chair)** Head of Investment Stewardship and Proxy Officer	14	12		
	Average of industry and firm tenure	**24**	**20**		
	Percentage of women and/or people of colour	**78%**			

*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.

Six ESG professionals help drive our ESG efforts and ensure they are integrated across our investment strategies and firm-wide initiatives.

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 2023, our Director of Research and ESG professionals provided an update to our BSC, JCSC, and RPC on the ESG industry and regulatory landscape as well as our recent ESG integration initiatives. They also updated the Dodge & Cox Funds Board of Trustees and the Dodge & Cox Worldwide Funds Board of Directors. Our Head of Investment Stewardship and Proxy Officer also presented proposed changes to the Proxy Voting Policy on behalf of the Proxy Policy Committee to the Dodge & Cox Funds Board of Trustees for its approval.

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. Six ESG professionals help drive our ESG efforts and ensure they are integrated across our investment strategies and firm-wide initiatives: our Head of ESG Integration and ESG Integration Analyst; Senior ESG Integration Research Associate; ESG Client Portfolio Analyst; Head of Investment Stewardship and Proxy Officer; and two Investment Stewardship Analysts. These ESG professionals have an average of eight years of industry experience and six years of tenure at Dodge & Cox. We hired our ESG Integration Research Associate in 2023 to work alongside our Head of ESG Integration and ESG Integration Analyst and to support our ESG research initiatives.

Our Head of ESG Integration and ESG Integration Analyst and Senior ESG Research Associate partner with our investment team to support our ESG research efforts. Our ESG Client Portfolio Analyst partners with our Client Reporting and Communications teams on ESG-related client communication initiatives, manages reporting under ESG standards and frameworks, and produces portfolio carbon and ESG-related metrics when requested by clients. Our Investment Stewardship team consists of our Head of Investment Stewardship and Proxy Officer and two Investment Stewardship Analysts. Together they work with our Global Industry Analysts and Proxy Policy Committee to execute the hundreds of proxies we vote on behalf of our clients and fund shareholders each year. They also provide insights and analysis on governance best practices, engage with company management teams and boards, and support reporting on our investment stewardship activities.

Use of Third-Party Service Providers

As part of our investment process, our analysts evaluate internal and external ESG-related data and research from a variety of sources. Their investment advocacies 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. 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 judgment 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 several different data sources as we believe this variety 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 unique models and methodologies.

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 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 collaborate with relevant data and services users to conduct thorough due diligence prior to deciding whether to onboard a third-party data vendor or service provider. 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 using different data sources, we gather and assess a range of perspectives, metrics, and ratings methodologies on important ESG topics. We aggregate and analyze ESG data from the following 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
Revelio Labs	Workforce data	2023
Multiple	Academic and sell-side research, credit ratings providers, and market research providers	Various

Our Involvement in Industry Groups

In 2023, we also continued our participation in several industry groups and initiatives that work toward improving 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)

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.

While our overall ESG integration philosophy has remained unchanged, our ESG and Proxy Committees, in partnership with senior leaders of the firm, continue to identify ways to further develop our ESG practices and processes, with the goal of improving both our investment capabilities and client experience. We summarize key actions in 2023 below, some of which we describe in greater detail in this report.

- Reviewed and approved changes to our ESG Policy Statement;
- Updated our Proxy Voting Policy;
- Updated our ESG client materials and reporting, including producing our first Stewardship and ESG Integration Report, which we plan to update annually;
- Completed Principles for Responsible Investment (PRI) reporting;
- Renewed as a signatory to the UK Stewardship Code;
- Expanded research resources related to human capital factors by onboarding a new data source from Revelio Labs and building internal dashboards for our analysts to evaluate the data;
- Continued research on climate-related topics, including the energy transition, assessing company carbon risk, climate litigation, and building an internal database to track decarbonization targets for the companies in which we invest;
- Started building a tool to more systematically track ESG engagements and discussions with portfolio companies;
- Continued developing internal compliance testing for our ESG integration program;
- Strengthened our approach to vendor management for our UK entity to monitor and mitigate the risks of modern slavery in its business and supply chains; and
- Hired an ESG Integration Research Associate to work alongside our Head of ESG Integration.

Some of our planned initiatives for 2024 include:

- Centralizing our key internal and external ESG research resources to support our investment research and decision-making;
- Tracking our company engagements and discussions on ESG topics more systematically;
- Continuing our research on climate-related topics, including analyzing physical risks;
- Evaluating various other ESG themes, such as biodiversity and executive compensation, and how they could impact our portfolio holdings; and
- Further expanding our ability to report on key ESG and carbon-related metrics for clients, as well as producing additional client materials as needed to further communicate our ESG approach.

ESG Integration

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

Our Approach to ESG: Focus on Financial Materiality

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 a company's or a debt security's long-term value. We believe identifying and monitoring financially material ESG considerations can help us assess the full picture of a particular investment's risks and opportunities.

We employ a disciplined approach to selecting equity and fixed income investments characterized 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 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 fulfill its debt obligations. We refer to this approach as ESG integration, which we outline in our ESG Policy Statement available on our website.

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—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.

As part of our bottom-up research process, we develop a well-rounded view of a company's fundamental strengths and weaknesses.

How We Integrate 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, 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 summarize 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 we believe could most impact an investment's future success. When an analyst determines a financially material ESG factor could be a key driver of the company's investment thesis, 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 issuers and companies we hold widely[4] across our client and fund accounts. The analysts 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 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.

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

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 issuers and 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 issuers and 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 outlines how we may consider ESG-related issues we view as financially material.

Our Company ESG Risk Framework

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, as well as to determine if there are any financially material ESG opportunities for the company. They complete this assessment for companies and corporate issuers we add to our portfolios, and they update this assessment each calendar year for companies and corporate issuers we hold widely across our client and fund accounts. Please see our Company ESG Risk Framework on the next two pages.

We formally launched this more standardized assessment of ESG risks in 2017. Our ESG Research Steering Committee revised the framework in 2021 to reflect our current thinking, including adding more explicit considerations about climate-change risk. We made some minor updates to our Company ESG Risk Framework in 2023, namely wording adjustments and adding a question specific to whether any ESG issues have impacted a company's reputation and how the company is managing it.

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

Company ESG Risk Framework

Our company ESG Risk Framework asks whether ESG factors are likely to have a financially material impact on a company's or issuer's risks and opportunities over our investment time horizon.

Environmental

Climate Change

Q: Are there material risks from the energy transition (e.g., carbon emissions and decarbonization strategy, policy/regulatory changes, shifts in consumer behavior and market sentiment, technology disruption)?

Q: Are there material risks from physical climate change or other environmental impacts (e.g., destruction from wildfires, hurricanes, or other natural disasters, productivity loss from extreme heat, long-term effects of sea level rise)?

Pollution or Environmental Damage

Q: Are there material risks of other types of environmental damage or pollution, not including carbon emissions (e.g., toxic releases/spills, contribution to 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 management (e.g., employee engagement, diversity and inclusion, employee health and safety, labor practices)?

Human Rights & Community Relations

Q: Are there material risks related to negative impacts on community groups or human rights violations (e.g., negative health impacts on communities, exploitation of vulnerable populations)?

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)?

Governance

Capital Allocation

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

Ownership Structure

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

Management & Board

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

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

Additional Considerations

Q: Have ESG issues had a reputational impact on the company, positively or negatively? If yes, please describe the impact, how the company is managing it, and how you have incorporated this into your analysis.

Q: Are there external ESG factors that could pose a risk to the company's long-term business model? This could be due to regulations, changes in consumer preferences, technological disruptions, or other structural shifts in the industry.

Q: Summarize any material ESG-related investment opportunities (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?

Examples: Equity Holdings

The following examples demonstrate how our Global Industry Analysts evaluated financially material ESG factors for companies we held in one or more of our equity portfolios as of December 31, 2023.

Norfolk Southern

Norfolk Southern Corporation (NSC) is a large freight railroad operating company with an extensive railroad network in the eastern United States. NSC moves a range of products, including grains, chemicals, coal, steel, vehicles, construction products, plastics, and intermodal containers. We have been invested in bonds issued by Norfolk Southern since 2012 and purchased its stock in 2023. Our investment thesis is centered around NSC's cost and relative low-carbon advantages versus the substitute service (trucks); the high barriers to entry that create pricing power, stable margins, and free cash flow generation; and its volume growth improvement.

We believe NSC is well positioned to benefit from the heightened awareness around decreasing carbon footprints. While railroads currently represent just 8% of the U.S. freight market, there is a large opportunity to convert truck shipments to the railroad network. In addition to various cost advantages, railroads are also more carbon-efficient than trucks. Converting shipments from truck to rail can reduce emissions by up to 90%. Given many companies have set targets to reduce their carbon emissions over time, we anticipate this could be a meaningful tailwind for NSC.

We are aware transportation by rail may bring other risks. This became particularly clear in February 2023, when a Norfolk Southern train derailed in Ohio. Thirty-eight cars out of the 149-car train came off the track, including 11 carrying hazardous materials. Given the incident's severity, our Global Industry Analyst who covers NSC has conducted significant due diligence and has had multiple discussions with management, along with our Investment Stewardship team and various legal experts, regarding the derailment. As railways cannot be easily moved, it is important for companies like NSC to maintain their social license to operate in the communities in which they run. Therefore, we have been and will continue monitoring how management is responding to this incident and how it is implementing measures to prevent incidents like this from happening in the future. We are reassured by the extensive remediation NSC has undertaken, including environmental (removing impacted soil, debris, and water) and social (over $100 million investment in education programs, businesses, and communities) measures. Additional safety measures NSC implemented following the derailment include appointing a new VP of Safety and implementing a six-point safety plan to immediately enhance the safety of its operations. NSC's Compensation Committee is also considering adding safety metrics into the company's long-term incentive structure. Finally, we view the costs to NSC—$1 billion accrued thus far—as significantly lower than the market-cap decline, which provided an opportunity to purchase NSC at a discounted valuation.

Cognizant

Cognizant Technology Solutions (Cognizant) is one of the world's largest providers of information technology, consulting, IT infrastructure, and business process outsourcing. We invested in Cognizant because of its strong global franchise, potential for accelerated growth, and attractive valuation.

In early 2021, elevated employee attrition caused Cognizant to forgo some commercial operations due to an inability to source talent. Our Global Industry Analyst who covers Cognizant determined increasing attrition to be primarily the result of an intensely competitive market for digital talent. However, Cognizant was uniquely impacted, with an attrition rate more than 7% higher than peers' for over a year. Given this, our Global Industry Analyst, Proxy Officer, and ESG Integration Analyst had a series of discussions with the company to understand the issue and how the company was addressing it.

Recognizing the severity of this issue, Cognizant took various actions to address retention challenges, including: 1) increasing investments in people through training and job rotations, including launching a program to help professionals who have taken an extended career break relaunch their careers, 2) shifting to a quarterly promotion cycle for billable associates, 3) implementing salary increases and promotions for high-demand skills and critical positions, 4) adding hundreds of recruiters to increase hiring capacity, and 5) extending more than 28,000 offers to new graduates in India, equal to 8% of its total workforce. These changes drove over a 7% increase in cost of revenue, which includes expenses like salary, incentive- and stock-based compensation, and employee benefits, among others. Our Global Industry Analyst incorporated these initiatives into his financial model. Since peak attrition rates in mid-2022, Cognizant's attrition rate has declined to levels in line with its peers.

LyondellBasell

LyondellBasell is one of the world's largest commodity chemical businesses. We invested in the company because of its ability to return significant value to shareholders through dividends and share buybacks, its recent mergers and acquisitions (M&A) and capital investments that have raised the company's normalized earnings level, and its attractive valuation.

LyondellBasell is one of the top global producers of commodity plastics. Approximately half of LyondellBasell's sales come from plastic production, exposing the company to risks associated with reduced plastic demand over time and the management of plastic waste. Our Global Industry Analyst has conducted due diligence on these risks and has embedded them in our financial model for the company. In addition, LyondellBasell has taken a proactive approach to addressing the plastic waste challenge. LyondellBasell has set a goal to produce and market more recycled and renewable-based polymers, invested on a regular basis in venture funds that address the plastic waste challenge, and issued a target of a zero loss of plastic pellets to the environment from its operations. We view these efforts on plastic recycling as a potential opportunity for the company.

LyondellBasell's MoReTec technology is one specific example highlighting the company's innovation in plastic recycling. MoReTec is designed to enable plastic waste to be transformed back into valuable feedstocks (raw materials) to make new polymers that will improve circularity and help solve the plastic waste problem. MoReTec is one of many innovations LyondellBasell believes will help it achieve its goal to sell two million tons of recycled and renewable-based polymers and as a result generate $1 billion in incremental EBITDA by 2030.

How ESG Factors Can Influence Our Decision to Not Invest or Sell Our Position

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

For example, in 2023 we decided to sell our position in a large U.S. video and e-commerce retail business. The major inside shareholders had made aggressive capital allocation decisions including taking on a lot of leverage and returning capital to shareholders, suggesting prioritization of short-term profits over long-term financial health. This left the company in a vulnerable position when it was later impacted by a significant warehouse fire that affected the trajectory of the business, contributing to our decision to sell our equity position.

In 2022, we passed on an opportunity to invest in a debt issued by an emerging markets-domiciled utility. Although the company was focused on building essential public infrastructure, it also faced certain challenges. Specifically, the company had 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.

Each asset type presents its own nuances in the context of ESG integration, which we take into consideration as a part of our research.

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 securitized. 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.

Corporate Bonds

The relationship between a company and its equity holders is different from its relationship with its bondholders. 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 for both our equity and corporate bond holdings we hold widely across our client and fund accounts. However, when evaluating the potential risks of a corporate bond, our Credit Research Analysts (credit analysts) pay particular attention to financially material ESG factors we believe are likely to affect an issuer's ability to pay back its debt obligations.

When we invest in a company's equity holding, we act in the capacity of minority shareholder and part owner on our clients' behalf. The company owes a fiduciary duty to its shareholders. 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.

Due to these differences, our credit 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 favorable 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, securitized
ESG-linked use of proceeds?	Rare	Sometimes: Green, social, sustainable bonds

Examples: Corporate Bond Issuers

The following two examples demonstrate how we evaluated financially material ESG factors for corporate bond issuers held in one or more of our fixed income portfolios as of December 31, 2023.

Southern Company

Southern Company (Southern) is one of the largest electric utilities in the United States. The company is primarily engaged in generation, transmission, and distribution, with operations primarily in Georgia, Alabama, and Mississippi. We invested in bonds issued by Southern because of its diverse utility business with stable cash-flow generation and healthy credit profile. Additionally, Southern Company operates in favorable regulatory jurisdictions, and it has strong regulatory relationships at its major operating subsidiaries.

Southern first announced plans to build two new nuclear units (Plant Vogtle Units 3 and 4) in 2006. Vogtle Units 3 and 4 were to be the first newly constructed nuclear units built in the United States in many years, providing customers with carbon-free nuclear energy and supporting Southern's goal of net-zero greenhouse gas emissions by 2050. Vogtle Unit 3 went into commercial operation in July 2023, and Unit 4 is expected to be operational in 2024.

Governments and some utilities are considering nuclear power as a way to decarbonize electricity generation. Therefore, the start-up of Vogtle Unit 3 has been hailed as a major milestone in U.S. nuclear power construction. However, both units are expected to go into service more than seven years later than originally planned and $17 billion over budget. Over our holding period, we continually analyzed whether the cost and potential overruns were manageable for Southern. We entered our bond position cognizant of the U.S. nuclear industry's poor track record of delivering projects on time and on budget. However, throughout the life of our investment, we have continued to test and affirm our thesis that Southern's large scale, diversification, and commitment to a strong balance sheet provide downside protection to bondholders. This assessment has been supported, for example, by management's willingness to divest non-core assets and issue equity/hybrid securities to strengthen the balance sheet.

Cemex

CEMEX S.A.B de C.V. (Cemex) is a global cement company with operations in over 50 countries. It is one of the largest cement, aggregates, and ready-mix concrete companies. We invested in bonds issued by Cemex because it operates in attractive cement markets and has strong cash flow generation, a track record of solid management, and an improving credit profile at an attractive valuation.

In 2007, Cemex acquired Rinker, the Australian building materials group, for $15 billion. The U.S. housing market's subsequent collapse crushed demand, leaving Cemex struggling to handle the debt it incurred in the deal. Cemex's leverage metrics increased by five times at their peak. While Cemex's capital structure has improved significantly, its leverage metrics are still higher than industry peers', and the issuer's credit rating was only recently returned to investment-grade level by S&P in March 2024 (BBB-), while Fitch maintains a below investment-grade rating (BB+). Our assessment of Cemex's capital allocation plan—and the impact this will have on its credit ratings—is a key driver of our continued ownership of the company's debt securities. We engage regularly with senior executives on capital allocation and believe the management team has no appetite for increasing leverage again. This translates to a conservative capital allocation strategy that will protect our bonds from downside risk.

Cemex operates in the Construction Materials industry, which has high carbon intensity. Our Global Industry Analyst who covers Cemex has analyzed the company's efforts and plans to reduce its carbon emissions, including reviewing financial reports, analyzing third-party data assessments, and having conversations with company management. Cemex currently targets net-zero carbon emissions by 2050 and has also set ambitious toxic emission reduction goals. It aims to reduce particulate matter (PM) emissions by 95%, SOx emissions by 67%, and NOx emissions by 47% by 2030 from a 2005 baseline. As of YE22, Cemex achieved PM emissions reduction of 85%, SOx emissions reduction of 60%, and NOx emissions of 43% from a 2005 baseline, indicating robust and successful mitigation efforts thus far. We believe it is financially material for Cemex to reduce its emissions over time and are reassured by the progress Cemex has made and its credible plan to continue decarbonizing.

Sovereign Bonds

Our Macro Analysts conduct in-depth research and form views on approximately 30 countries to help inform our investment decision-making on stocks and bonds, as well as currency hedges. They 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.

Analysts consider a variety of financially material ESG factors as part of their country analysis.

Analysts consider a variety of financially material ESG factors as part of their country analysis. They leverage our Sovereign ESG 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 they 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; and
- **Governance:** Political institutions and security.

They 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. Our Macro Analysts also highlight the extent to which the top three to five investment opportunities or risks for the country are related to ESG factors.

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. They updated the framework for each country again in 2022 and 2023, and we plan to do so annually going forward.

Examples: Sovereign Bonds

Below we outline two examples of how we considered financially material ESG factors in our investment analysis and decision-making for sovereign bonds held in one or more of our fixed income portfolios as of December 31, 2023.

Chile

In 2023, we initiated a position in Chilean sovereign bonds. Our decision to invest was driven by our view that the currency and bond prices were undervalued and our expectation that a number of macro factors would improve over our investment time horizon.

Compared to other emerging markets countries, Chile ranks highly on ESG issues. It stands to benefit greatly from green investments, given a combination of solid institutions, open economy, and favorable resource endowments. Chile has approximately 40% of the world's lithium reserves, a key mineral in the energy transition for its role in electric batteries. However, Chile's lithium development is still underdeveloped relative to its potential, creating an opportunity for growth. The country is also a top copper producer, has large resources in forests, arable land, and water, and is one of the world's 35 biodiversity hotspots. Compared to some of its environmental opportunities, Chile has a more mixed record on social factors. In recent years, issues around cost of living, unemployment, and income inequality have ignited protests. The election of left-leaning President Boric was expected to address these problems, but progress has proved challenging. Voters rejected two drafts of a new constitution, and the multi-year process yielded no major changes to the legal framework. For Chile, social and political risks were important investment topics of discussion. All told, we think these risks are largely priced in and political uncertainty is likely to decline. Our Macro Committee also discussed how Chile's relatively strong macro backdrop and low leverage mitigate some of these social and political risks. Overall, our analysis of Chile's currency valuation, high yields, and potential for ongoing improvements in certain ESG areas make it an attractive risk-reward proposition.

Norway

Our decision to add Norwegian sovereign bonds in 2023 was driven by our view that the currency was undervalued.

Norway generally scores strongly on a number of ESG factors such as governance and social stability. However, it has a more mixed record on environmental issues because of its role as a major oil and gas exporter. Our Macro Committee discussed how some of these risks are mitigated by a steep discount in the Norwegian krone relative to oil prices and Norway's role in European energy markets during Europe's transition away from Russian energy. Additionally, Norway has made strides internally on a longer-term transition toward renewables and is a leader in green initiatives (e.g., extensive use of hydropower). Our assessment of these factors contributed to our view that sovereign credit risks were likely to be fairly minimal, supporting our decision to increase exposure to Norwegian sovereign bonds.

ESG Topics We Prioritized in Our Investment Process in 2023

Generally, we prioritize ESG issues at the company and industry levels based on their financial relevance. However, in some instances, 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 2023, we reviewed social factors, including expanding our analysts' access to human capital data, and continued our analysis of climate change and the global energy transition.

Human Capital

Talent is a critical business consideration for many of the companies in which we invest. Therefore, it is important for us to understand a company's relationship with its employees. One way we evaluate this is through our review of employee ratings and reviews from Glassdoor. In 2023, we added a new data source for our investment team called Revelio Labs to expand our analysts' access to company-level human capital data, including workforce composition, worker transitions, job postings, employee skill levels, and employee sentiment data from Glassdoor reviews. Our analysts can access this data through Revelio Labs' online platform and through internal dashboards we developed. For example, one dashboard shows portfolio holdings with the largest increase or decrease in Glassdoor ratings over various time periods. Another dashboard allows the investment team to monitor trending topics in Glassdoor reviews for each company, among other functionalities.

Last year, our ESG Research Steering Committee also conducted a broad review of key social factors to assess financial materiality for the companies in our portfolios and data available for our analysts to evaluate for each of these factors. We evaluated the following topics: cybersecurity; human capital and labor management topics including diversity, equity, & inclusion (DEI), employee turnover, and unions; and supply chain management topics including forced labor and Scope 3 greenhouse gas emissions.

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.

Climate Change and the Energy Transition

We view climate change as one of the major challenges facing society and the global economy 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 covering companies within the Industrials and Energy sectors has led an annual research review and discussion on the global energy transition. It has analyzed 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 analysts evaluate climate-related physical and transition risks and opportunities when they have the potential to be financially material to our investment thesis. They also complete our Carbon Risk Assessment, which is a formalized evaluation of a company's or corporate issuer's carbon intensity and decarbonization strategy when we deem those to be financially material to a company's long-term outlook.

Over the past year, we also carried out a thorough review on climate litigation risk. Members of our ESG Research Steering Committee conducted research and had several calls with attorneys to better understand the evolving climate litigation landscape and how this type of litigation could impact some of our portfolio holdings. The Committee held a discussion on this topic to share findings with analysts who cover companies that are currently, or could in the future be, affected by climate litigation.

Carbon Risk Assessment

As part of our Carbon Risk Assessment, our analysts assess a company's carbon intensity, as well as its competitive positioning and decarbonization targets, when we deem those financially material to a company's long-term outlook. We launched this assessment in 2022, and our analysts update it each calendar year for companies and corporate issuers we hold widely across our client and fund accounts.

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
Decarbonization Targets
What is the company's decarbonization 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.

Our investment team can review our carbon risk dashboard to compare how a company's carbon intensity ranks versus those of its industry peers.

To complete this analysis, our investment team can review our carbon risk dashboard in a data visualization tool called Tableau to compare how a company's carbon intensity ranks versus those of its industry peers, as well as those of other companies in our portfolios and their relevant benchmarks. The dashboard displays both reported and modeled carbon metrics from Trucost (part of S&P Global), including carbon emissions (tons CO_2e), carbon intensity (tons CO_2e/$million revenue), potential earnings at risk due to estimated increased carbon emissions prices, and temperature alignment (°Celsius). Our analysts also review research and data from other sources, which may include company Corporate Sustainability Reports (CSR), company Climate Disclosure Project (CDP) reports, sell-side research, and research from other ESG data providers such as MSCI and Sustainalytics.

Our analysts ultimately use the dashboard and their research to assign a company's risk level—very high, high, medium, or low—based on its carbon intensity and decarbonization goals. We record this analysis in the dashboard so our investment team, including our Investment Committee members, can view the individual company risk levels and compare across portfolios.

We view the Carbon Risk Assessment as one tool in our investor toolkit to evaluate a company's fundamentals. We do not screen a company 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 decarbonization strategy.

TotalEnergies

TotalEnergies (Total) is a French multinational integrated oil and gas company. We invested in Total primarily due to its strong management, diversified business mix, and attractive valuation.

We are aware Total operates in an industry with high carbon intensity, and our Global Industry Analyst who covers Total has conducted research and embedded carbon risk into the company's forecasted exit multiple. As part of our carbon risk assessment, our analyst evaluated the company's carbon risk based on 1) its carbon intensity, 2) how its carbon intensity compares to that of its peers, and 3) future emissions reduction and net zero targets.

Total has a high magnitude of carbon intensity. Its reported 2022 carbon intensity for Scope 1 and 2 emissions was 149 tons CO_2e/$million revenue, placing it in the top quartile of intensity rank versus companies in the MSCI All Country World Index (ACWI). However, because each industry has different levels of carbon emissions and different options to offset emissions, we think evaluating a company's carbon intensity versus its industry peers' can help determine whether the company is at a competitive advantage or disadvantage. Comparing Total to oil, gas, and consumable fuels companies in the MSCI ACWI, Total is in the lowest quartile for carbon intensity, ranking 84th out of 101 total companies in the industry (where 1 has the highest carbon intensity). We view it as a positive that Total's emissions intensity is lower than its industry peers', demonstrating it is a low-carbon player in a high-emitting industry.

Lastly, our carbon risk analysis also incorporates an assessment of the company's decarbonization targets. We evaluate these targets based on the cost and feasibility for the company to achieve them and how they compare to its peers'. Total has committed to reducing its Scope 1 & 2 net emissions by at least 40% by 2030 from a 2015 baseline, and it has already started making progress toward that goal based on its 2022 reported emissions. It also targets a 30% reduction in Scope 3 emissions from petroleum products by 2030 from the same baseline year. Total has also set targets to shift its production mix to reduce oil and increase renewable fuels and electrons and has invested meaningful capital expenditures to achieve these goals. Our Global Industry Analyst has compared these targets to industry peers' targets and believes they will be positive for Total's competitive positioning.

Our funds are governed by their respective fund documentation, which outlines our ESG integration and investment policies for each respective fund family and fund.

Aligning with Our Clients' Stewardship and Investment Policies

We offer a focused set of strategies across three main investment vehicles—U.S. mutual funds, UCITS funds, and separate accounts. Our funds are governed by their respective fund documentation, which outlines our ESG integration and investment policies for each respective fund family and fund. We review fund documentation regularly 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 authority to Dodge & Cox to vote in line with our internal Proxy Voting Policy.

We work with each separate account client who seeks to apply exclusionary restrictions in their account. Clients may provide us with a list of restricted securities or collaborate with us to develop and document requirements and screens for implementation. In addition, for clients who want to apply certain exclusionary restrictions to their separate accounts but do not provide or create their own restricted list, we subscribe to MSCI ESG Research. This tool provides various options to screen companies based on mutually agreed upon guidelines the client selects and we then implement for their account(s). 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. We code investment guideline restrictions that have been agreed upon with a client for an account 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.

Engagement Approach

How We Approach Engagement

We believe our role as an active manager extends beyond selecting securities for our portfolios. Maintaining a dialogue with issuers, company management teams, and boards helps us build our understanding of their priorities and strategies over time, and constructive, long-term relationships are critical to this effort. When we believe an issue is significant to our investment thesis, we look for opportunities to engage directly with the issuer. We believe direct engagement is most effective and prefer having ongoing conversations rather than filing shareholder resolutions or joining public campaigns. 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.

Engaging Directly with Companies

Maintaining ongoing dialogue and selectively engaging with issuers and 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.

Our long-term holding periods allow us to build productive relationships and engage over multiple years with issuers and 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, enhance public disclosure, or encourage certain proxy voting outcomes and corporate governance best practices. 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 for interacting with issuers and companies. We estimate members of our investment team collectively conduct over 1,000 due diligence meetings per year, including meetings with issuers, company management teams, and boards. Our Head of Investment Stewardship and Head of ESG Integration may join these meetings, especially when we anticipate proxy matters or ESG topics will be a significant

30%

In 2023, we had proxy engagements with over 30% of our widely held equity holdings.

part of the conversation. Meetings may take place in our office, via videoconference or teleconference, 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.

Our Investment Stewardship team may request to engage with an issuer, or an issuer may request a meeting with us, for proxy-related discussions. In 2023, our Investment Stewardship team participated in 76 meetings with 52 unique companies, representing over 30% of our widely held equity holdings. We track conversation topics and key takeaways from these meetings and consider these discussions when implementing proxy voting decisions. Investment team members listed below often attend these engagement meetings.

Typical participants involved in these engagement meetings may include the following individuals, as relevant to the discussion:

Dodge & Cox Participants

- Global Industry Analysts
- Credit Research Analysts
- Investment Committee members
- Sector Committee members
- Macro Analysts
- Head of Investment Stewardship
- Investment Stewardship Analysts
- Head of ESG Integration

Issuer Participants

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

We take differences in corporate governance standards into account when assessing a company's practices and determining how best to engage with a company.

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 corporate governance standards into account when assessing a company's 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, a number of independent Japanese directors have appeared 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 recognize the importance of the broader attempt to achieve board independence.

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 analysts are highly attuned to potential governance issues when lending money and emphasize downside protection. 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.

For additional insight on certain issuers, our credit analysts collaborate with our Global Industry Analysts and may join them in company meetings, when relevant.

Rather than employ a top-down list of ESG engagement topics, our fundamental analysis informs the issues we deem financially material to a given company's long-term value.

Engagement Topics

Rather than employ a top-down list of ESG engagement topics, our fundamental analysis informs the issues we deem financially material to a given company's long-term value. Therefore, our ESG engagement topics may vary by company, region, and sector. 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.

Though ESG engagement topics differ for each company, we frequently 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 we believe could have significant liabilities for the company and/or cause significant reputational damage. In 2023, we began developing and implementing an engagement tracker, which we use to track engagements and ESG themes that arise from meetings we have with company management and boards.

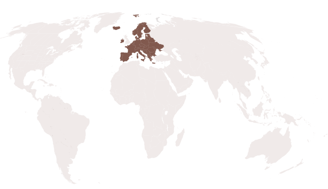
Example ESG Topics We Discussed with Specific Companies in 2023

Environmental	Social	Governance
"Say on Climate" proxy voting proposals	Human capital management, including employee turnover and workforce morale	Board composition
Carbon emissions reduction targets and net zero commitments, including related costs	Disclosure of demographic workforce data, including data by race, ethnicity, gender, and job categories as permitted by local regulations	Board oversight of financially material ESG strategy
Capital expenditures for energy transition investments	Data privacy and cybersecurity	Company ownership structure
	Employee health and safety	Succession planning
	Access to medicine and drug pricing	Board and management team priorities
	Human rights issues	Capital allocation decisions
	Product liability	Compensation plan and incentive targets, including ESG-related key performance indicators
		Artificial intelligence (AI)

Examples: Engagement

The following case studies illustrate our engagement approach in 2023. Please note these examples do not represent the full number or breadth of conversations we had with the management teams and board members of these and other companies in which we invest.

Stellantis



Region: **Europe**

Sector: **Consumer Discretionary**

Engagement Topics: **Governance**

Background and Objective: Stellantis, an automotive manufacturing company based in the Netherlands, sought approval of its pre-merger legacy compensation package. We noted Institutional Shareholder Services (ISS) raised concerns related to the company's "golden parachute" and considered the total payout to the former Fiat Chrysler Automobiles NV CEO excessive. Additionally, ISS noted the accelerated vesting of long-term incentive awards was not related to any performance assessment. Stellantis did not receive majority support in 2022 on its advisory vote on compensation and was proactively engaging with shareholders for feedback for future compensation changes.

Approach and Outcome: We engaged with Stellantis management, including the Head of Human Resources, to better understand these legacy payments and address lingering concerns. We believe the company made the "golden parachute" payments in line with best practices, utilizing double-trigger provisions (change-in-control and termination) and not offering excise tax gross-ups.

During our meeting, we provided feedback on the compensation program generally, sharing our desire to see increased metrics disclosure and a greater focus on performance measures.

After engaging with management and understanding the terms of the "golden parachute," as well as noting the company's efforts to seek shareholder feedback and amend pay practices as a result of its failed 2022 compensation program, we supported the proposal on legacy compensation.

Glencore

Region: **Europe**

Sector: **Materials**

Engagement Topics: **Governance**

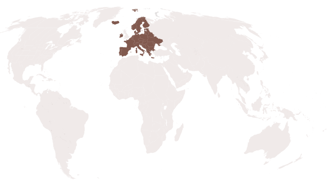
Background and Objective: Glencore is a Switzerland-based natural resources company and the world's leading integrated producer and marketer of mineral, energy, and agricultural products. We had multiple discussions in the first half of 2023 with Glencore concerning its all-share offer to purchase Teck Resources. Our engagements and discussions with Teck Resources on this matter are described later in this report.

Approach and Outcome: We met with Glencore's management team and board to understand its intentions for the offer and goals for the potential merger. We discussed future plans for Glencore and the synergies management believed a merger with Teck presented.

Following Teck's rejection of Glencore's offer, we followed up with Glencore to discuss its "vote no" campaign, which asked Teck B shareholders to vote against Teck's metallurgical coal business separation, and Glencore's long-term interest in Teck.

Later in 2023, Teck agreed to an offer from Glencore and a consortium of other companies to purchase Teck's metallurgical coal business.

Bayer



Region: **Europe**

Sector: **Health Care**

Engagement Topics: **Governance**

Background and Objective: Bayer is a multinational pharmaceuticals and life sciences company based in Germany. Following up on concerns we highlighted in last year's report, in 2023 we continued to engage on the subject of Bayer's compensation plan and adjustments made to incentive plan targets that, in our view, potentially created misalignment between executive compensation and actual company performance. At the 2022 annual general meeting (AGM), the company failed to receive majority support on its compensation report.

In addition, we spoke with the company about CEO succession planning as CEO Werner Baumann's employment contract was set to end.

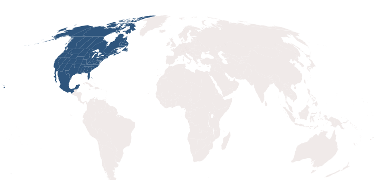
Approach and Outcome: We continued sharing our views on the alignment of management and shareholders with regard to short-term and long-term incentive compensation plans. We discussed the company's decision to use core earnings per share as a measure for calculations under these plans and expressed our concerns that the metric adjusts out legal costs in a way that may not sufficiently align the interests of executives with shareholders. We encouraged the company to consider other metrics.

Before the company appointed a new CEO in 2023, we also engaged on the succession planning process and the push by activist investors for the company to hire an external candidate for CEO.

We communicated our views to the company. We acknowledge the company has conducted extensive shareholder outreach on compensation and initiated changes to its compensation governance, including expanding the role of the Human Resources Committee of the Board to encompass compensation-related tasks and establishing new process steps with respect to target setting, target attainment, and succession planning.

The company chose an external candidate as its new CEO. We have had the opportunity to engage with the new CEO and have spoken with him about topics including organizational structure, Board composition, and decision-making at Bayer.

Suncor



Region: **North America**

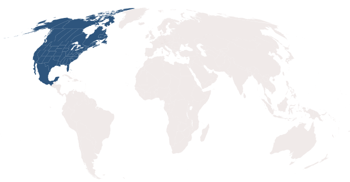
Sector: **Energy**

Engagement Topics: **Governance, Social**

Background and Objective: Suncor Energy is an integrated oil company operating in the Canadian oil sands and offshore Canada. As mentioned in last year's report, we noted safety and operational issues at the company and engaged with company management to discuss these concerns. In 2023, we continued meeting with company management, focusing updates on safety, CEO transition, corporate layoffs, and operating costs.

Approach and Outcome: We met with the CFO in our offices and discussed the CEO transition plan as well as Suncor's new CEO's qualifications. We spoke about the company's efforts to reduce labor costs and focus on reducing its contractor base. We probed employee sentiment as a result of the layoffs and CEO transition and intend to continue discussions on this point. Additionally, we continued our conversations with Suncor around safety concerns and changes the company has implemented as a result of the external reviews it had commissioned.

General Electric



Region: **North America**

Sector: **Industrials**

Engagement Topics: **Governance**

Background and Objective: General Electric (GE) is a global industrial conglomerate based in the U.S. with operations spanning the aerospace, energy, and healthcare markets. We engaged with GE on the company's compensation plan, specifically its pay for performance alignment.

We also discussed the company's recent performance since the split-off of GE Healthcare in January 2023 and progress regarding its stated plans to spin off its Vernova business in early 2024.

Approach and Outcome: We discussed that our preference, as a shareholder, 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 for the company and any amended targets as it executes the company's break-up plan over the next two years.

Roche

Region: **Europe**

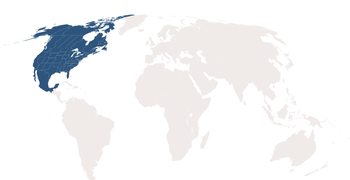
Sector: **Health Care**

Engagement Topics: **Governance**

Background and Objective: Roche is a Switzerland-based company focused on pharmaceuticals and diagnostics. We engaged with Roche, focusing our conversations on its CEO transition and workforce turnover.

Approach and Outcome: We spoke with Roche about the recent transitions of the former CEO to the Executive Chairman role and the Head of Diagnostics to CEO. The former Head of Pharmaceuticals and the former CEO of Genentech both left the company shortly after the transition, and while we have not seen other major turnover, we are continuing to discuss the risks from personnel changes as new management continues establishing its strategy.

Nutrien



Region: **North America**

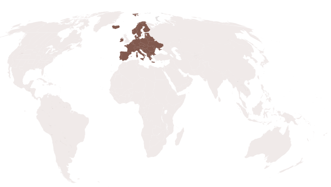
Sector: **Materials**

Engagement Topics: **Governance**

Background and Objective: We identified concerns at Nutrien, a Canada-based fertilizer company, around executive turnover and CEO succession planning when the CEO unexpectedly resigned in 2022. This year, we continued to have in-depth conversations with the management team and new CEO about these concerns.

Approach and Outcome: We probed the relationship between management and the Board, discussed future succession planning, and communicated our concerns. We continue to monitor succession planning at the company.

Novartis



Region: **Europe**

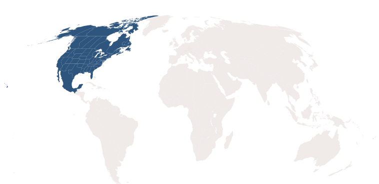
Sector: **Health Care**

Engagement Topics: **Governance**

Background and Objective: We spoke with Novartis, a Switzerland-based pharmaceuticals company, about its updated strategy to focus on more high-value products, as well as capital allocation and research and development (R&D) efforts.

Approach and Outcome: We spoke with the Novartis CEO and CFO about the company's new focused strategy following the ophthalmology and generic spin-offs (Alcon and Sandoz, respectively). We discussed the company's pipeline changes to focus on high-value products and management team changes. It reiterated that management is currently focusing on and investing in organic growth while also looking for opportunities to identify assets to supplement internal R&D efforts. We also discussed the general pros and cons of different capital allocation methods—namely, share buy-back programs versus M&A.

Anonymous Fixed Income Security



Region: **North America**

Sector: **Utilities**

Engagement Topics: **Governance**

Background and Objective: We had concerns that the proposed make-whole call terms in a U.S. municipal bond new issue gave the issuer too much discretion in setting the optional redemption price, which in turn created interest rate risk management issues for investors.

Approach and Outcome: We engaged with the issuer via the underwriter to improve the terms of a new issue. The issuer amended the terms based on our feedback, in our opinion benefiting investors, and we participated in the offering.

Engaging Collaboratively

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 they would maximize shareholder value. We maintain relationships with a variety of stakeholders and evaluate collaborative engagements on a case-by-case basis.

We believe better outcomes can often be achieved by engaging directly and privately with companies.

We will also consider communicating with other investors, including those with dissenting views, about specific companies we hold when we believe doing so is likely to maximize the value of our clients' investment portfolios, consistent with our policies and procedures, and permissible under applicable laws and regulations. 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.

Seven & i Holdings

Region: **Japan**

Sector: **Consumer Staples**

Engagement Topics: **Governance**

Background and Objective: In May 2021, activist investor ValueAct Capital disclosed a stake in Seven & i holdings, a diversified retail holdings company based in Japan. Under pressure to improve Board independence, Seven & i proposed, and shareholders elected, several new independent directors in May 2022. In 2023, ValueAct initiated a proxy contest nominating four additional director candidates to the Board. ValueAct launched the contest citing concerns about the company's corporate governance practices, performance relative to peers, capital allocation practices, sustainability, and conglomerate structure. The proposed independent directors would have replaced four long-tenured incumbent directors, including the company's president.

Approach: ValueAct invited us to discuss its proposed directors and the benefits of electing them. We also spoke with the four ValueAct nominees as well as met with Seven & i to hear its perspective and view. After considering the points raised by both sides, we supported ValueAct's director slate at the 2023 annual meeting as we believed it had the potential to improve the company's governance and capital allocation practices.

Outcome: ValueAct's nominees ultimately were not elected to the Board as they received support levels ranging from 26% to 34%. Though the Board's composition did not change, we appreciated the opportunity to raise conversation about change at the company. We continue monitoring the company for improvements in the areas of corporate governance and capital allocation that were identified as concerns.

Collaborating through Industry Groups

We continue collaborating with other asset managers and institutional investors through our industry group memberships, including the Credit Roundtable.

Investment Company Institute (ICI) Proxy Issues Working Group

In 2023, the ICI hosted a number of calls on amendments to Form N-PX that became effective in 2024. Form N-PX is a required filing for U.S. mutual funds and other registered management investment companies that discloses proxy votes. The ICI drafted proposed questions to SEC staff seeking clarification of these rules. The Proxy Issues Working Group also facilitated meetings with proxy administrators to discuss how they could help investors implement these new amendments. Members of our Investment Stewardship team as well as our Legal team participated in the discussions around these amendments.

Council of Institutional Investors (CII)

Members of our Investment Stewardship team attended conferences hosted by CII for corporate governance professionals, other institutional investors, regulators, and legislators. At these conferences, we exchanged perspectives on topics including corporate governance, executive compensation, ESG regulations, engagements, and industry trends. We met with peers, issuers, asset owners, advisers, and other industry professionals during this conference. These conversations helped us gain a greater understanding of industry views on asset stewardship and how we can continue refine our proxy voting policy and processes. These collaborative discussions have helped spur further internal dialogue on these matters.

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

Anonymous Company

Region: **Europe**

Sector: **Communication Services**

Engagement Topics: **Governance**

Background and Objective: A European company we held in our portfolios during the reporting period reached out to us about joining its Nomination Committee in 2023.

Approach: Having never participated in a portfolio company's Board committees before, we discussed internally, in consultation with our Legal team, and externally to better understand the implications of participation. As part of that process, we reached out to peer shareholders who were eligible to join and/or had participated in the Committee in the past and discussed their considerations for joining. The purpose of these conversations was to share information about the company's corporate governance practices and the Nomination Committee's structure. We did not agree to act in unison or in a group with the other shareholders.

Outcome: Ultimately, we decided participation in the Nomination Committee was not in our clients' best interest, and we declined this offer.

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

Escalation of Issues

When we identify an ESG issue as financially material to our investment thesis, we may decide to engage directly with the company. In particular, we aim to address issues when we believe our perspective has the potential to benefit the investment's long-term outcome. 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 or take steps to ensure our concerns are noted.

We evaluate and assess each engagement's potential outcome 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 objective of maximizing long-term shareholder value, we may escalate the engagement through additional meetings with management and the board. Further escalation could include voting against the election of board members, voting against other relevant management proposals, or formalizing our engagement by expressing our views in a written letter.

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

Steps in Our Escalation Approach

Identify
financially material 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

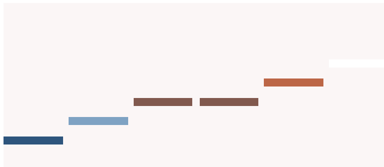
Adjust our position
in a company if our investment thesis has changed or if we believe value is no longer there due to risk and lack of improvement

When escalating issues, we usually 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 Investment Stewardship team may collaborate with members of the Proxy Policy Committee, the 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 continuously assess risks and specific issues related to each company we own, and we may adjust our position in the company if our initial investment thesis changes. Before deciding whether to add to, trim, or sell a particular position, we consider on a case-by-case basis whether escalation is likely to contribute to our objective on a particular issue and a better long-term investment outcome for our clients.

Our escalation approach applies to 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 2023.

Elanco Animal Health



Region: **North America**

Sector: **Health Care**

Escalation Step: **Continue to meet**

Background: We identified governance concerns, which we continue to monitor, at Elanco Animal Health, a U.S.-based pharmaceuticals company that produces medicines and vaccines for pets and livestock. The company maintains a classified board structure without a sufficient sunset provision to remove this structure. We view a classified board as problematic, particularly for mature companies, as it does not allow shareholders to vote on all directors annually. Given the company's initial public offering in 2018, we expected the company to have progressed or made a commitment to establish annual elections of all directors. As described in last year's report, we issued negative vote recommendations for members of the Governance Committee at the 2022 annual general meeting (AGM).

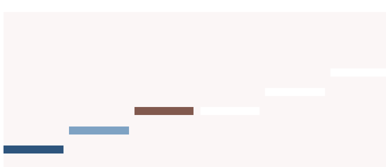
Approach: The company did not demonstrate progress on the matter of annual elections in 2023. We continued voting against members of the Governance Committee in 2023.

We voted against the re-election of two different members of the Governance Committee, as those we voted against last year were not up for re-election due to the present governance structure.

Outcome: The two directors we voted against failed to receive majority support at the 2023 AGM. We had further discussions with the company after the AGM, in which we reiterated the importance of annual elections. We also spoke with an independent director to convey these concerns directly.

We were pleased that, in the fall of 2023, the company announced it would make certain governance enhancements, including declassifying the Board, allowing shareholders to amend bylaws, and allowing shareholders to call a special meeting. We view our escalation and engagement process at Elanco as successful.

Fresenius Medical Care



Region: **Europe**

Sector: **Health Care**

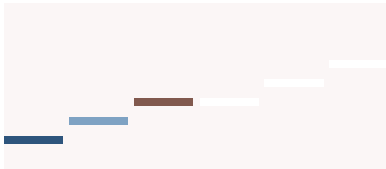
Escalation Step: **Make a proxy voting decision**

Background: Fresenius, a Germany-based healthcare company that provides products and services for dialysis, sought shareholder approval of its compensation report in 2023. During our review, we identified a problematic compensation practice for the year. The company's former CEO was guaranteed a $5.2 million severance payout despite only having served two months in the CEO role. We did not consider this to be an appropriate payout for time served and were concerned about future compensation incentives. Further, we consider succession planning to be a key responsibility of a board. We were disappointed the succession planning process at Fresenius resulted in the CEO's departure after two months of service.

Approach: After discussions about this issue between the Global Industry Analyst and Investment Stewardship team, concerns were elevated to the Proxy Policy Committee (PPC) and Investment Committees for approval to vote against the 2023 compensation report. We considered our vote to be a signal to management to take more care when hiring executives and creating severance agreements.

Outcome: The proposal received 61% support at the annual meeting. We continue to monitor Fresenius' succession planning and compensation practices.

Teck Resources



Region: **North America**

Sector: **Materials**

Escalation Step: **Make a proxy voting decision**

Background: Teck Resources (Teck) is Canada's largest diversified miner and is the second-largest exporter of metallurgical coal (met coal), the second-largest miner of zinc, and a significant producer of copper. In 2023, we held numerous engagements with Teck focused on the removal of its dual class share structure, Teck's proposed met coal separation, and an all-cash offer for its met coal business from Glencore, a Swiss mining company.

Approach: We had a variety of calls with Teck's CEO and the Chair of the Board. We spoke at length about Teck's proposed met coal separation. We expressed concerns about the proposed separation and the complexity and long timeline embedded in the plan. At Teck's AGM, we decided to vote against the met coal separation as we believed there were better ways to spin off certain parts of the business.

We also spoke about Glencore's offer and the pros and cons of both transactions. As described in our Glencore case study earlier in this report, we also spoke with Glencore about its bid.

We viewed the collapse of the dual class structure favorably, and while we considered the cost of the proposal to be high, we ultimately believed a single share class with equal rights was worth the payout. Bearing the pros and cons of the proposal in mind, we supported this measure at the AGM.

Outcome: Ultimately, Teck decided to withdraw the met coal separation proposal from the meeting ballot before the meeting commenced, stating the company would continue evaluating its options.

Teck did eventually agree to an offer by Glencore and a consortium of other companies to purchase Teck's met coal business later in 2023.

The proposal to eliminate the dual class share structure received majority support from shareholders, which we viewed positively.

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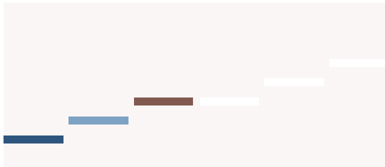
Kyocera



Region: **Japan**

Sector: **Information Technology**

Escalation Step: **Make a proxy voting decision**

Background: We have spoken in detail with, and have historically written letters to, Kyocera, a Japanese manufacturer of fine ceramic technologies and electronics, about issues we have identified in its financial position and governance structure. As discussed in our 2021 report, we voted against the Chairman of the Board at the 2017 and 2021 AGMs to signal our concerns about the company's capital allocation practices. After the 2017 AGM, we saw some improvements in various aspects of governance, including the level of financial assets, dividend payout ratio, Board composition, and management compensation.

At the June 2021 AGM, we voted against both the Chairman of the Board and President of the company in order to communicate our views and concerns on the company's balance sheet. The company's directors are re-elected every other year so there is not an annual opportunity to express dissatisfaction through the voting process. We monitored the company in the interim year.

In 2023, we had the opportunity to vote on directors in line with Kyocera's standards that allow shareholders to vote on directors every other year. We continued to have concerns with the company's capital allocation framework and level of financial assets.

Approach: The Head of Investment Stewardship, Global Industry Analyst, and members of an Investment Committee met and discussed the upcoming vote and our current views on the company. Ultimately, we still have concerns about Kyocera's capital allocation framework, though we acknowledged the company has made two sizeable share repurchases since 2021 and has plans to sell down some cross shareholdings and change its capital structure.

Ultimately, we once again voted against both the Chairman of the Board and the President of the company at the 2023 AGM to express our concerns.

Outcome: The Chairman of the Board and the President of the company received 66% and 65% of votes in support of them at the AGM, respectively. The company announced a revision to its policy on KDDI shares noting that low approval rates show the dissatisfaction by shareholders on its current policy. We have continued discussing with management our views on the company's practices and continue to monitor its progress.

Our Proxy Voting Process

We vote based on our objective of maximizing long-term shareholder value.

Exercising Our Rights and Responsibilities

We view proxy voting as an important component of our stewardship responsibilities. We vote based on our objective of maximizing long-term shareholder value. Our Investment Stewardship team 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. Our Investment Stewardship team makes voting decisions based on our detailed Proxy Voting Policy and after careful evaluation of a range of materials, including those provided by the company, proxy voting advisory services, and engagements with companies themselves. Our Head of Investment Stewardship chairs the Proxy Policy Committee as the Proxy Officer. Our Proxy Voting Policy guides all votes including those related to financially material ESG issues. Our policy applies to all funds 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, 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 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 review on a case-by-case basis are M&A, golden parachutes, related-party transactions, and contested elections. We ultimately vote proxies in a way that, in our opinion, serves the interest we believe all clients share: seeing the value of a common investment increase over time.

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 Investment Stewardship team works with our Client Service Associates during account set-up and interfaces directly with our clients' and funds' 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 ballots 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 we have chosen to register, we also track the extra voting rights we receive.

Use of Proxy Research Firms

We have retained ISS to administer proxy voting and reporting for our clients. We review proxy research from ISS and Glass Lewis as one component of 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 Investment Stewardship team as well as members of our investment team. In 2023, we voted against our proxy adviser's (ISS) recommendations approximately 10% of the time.

Considerations for Separate Account Clients

Separate account clients have the option to vote their own securities or to have us 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 objective of maximizing long-term 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.

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.

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. We 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 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 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 2023 Proxy Voting Activities

In 2023, we were eligible to vote at 618 meetings across 48 markets. We voted at 100% of these meetings.

618
Unique meetings voted

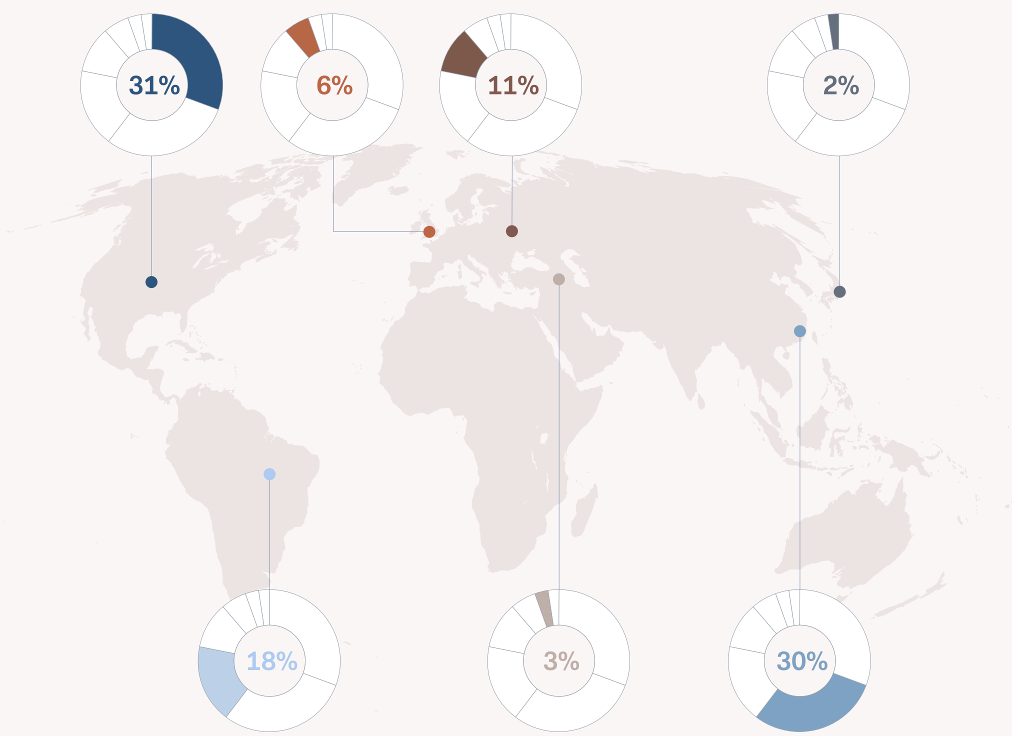
7,385
Total proposals voted

247
Meetings where voted against management on at least one proposal

20%
Percentage of shareholder proposals supported

We Voted 100% of Eligible Meetings Across Various Regions

	Meetings Voted
North America	190
Asia (ex-Japan)	184
Latin America	110
Europe (ex-UK)	65
UK	36
Middle East & Africa	19
Japan	14
Total	**618**



Totals may not sum to 100% due to rounding.
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

We normally vote in support of company management when it aligns with our Proxy Voting Policy and when adequate information on the proposal is provided. We do, however, vote against proposals we believe would negatively impact the long-term value of our investment. We may speak with management when we vote against certain proposals.

The rationale for our votes can be tied to our Proxy Voting Policy. Examples of situations where we 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 the creation of separate classes with different voting rights, as dual class capitalization 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.

How We Consider Environmental and Social Proposals

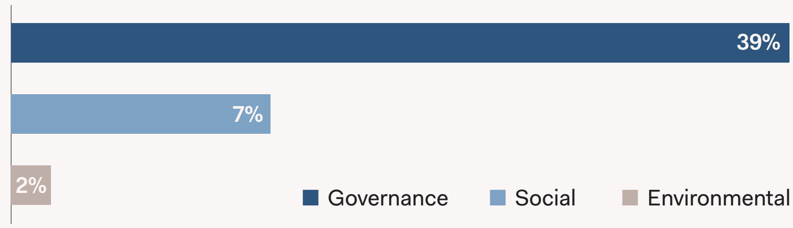
We believe a company's management team is generally in the best position to make decisions regarding a company's strategy and business operations. We expect company management to identify and oversee financially material environmental and social risks and to disclose those risks to shareholders. To the 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. In 2023, we saw an increase in proposals stemming from the SEC's narrowing of conditions by which companies can exclude shareholder proposals from their proxy statements. Additionally, more companies have begun disclosing material data, including emissions and emissions reductions efforts. We may review current company disclosures to determine whether a shareholder proposal is additive or unnecessary. Proponent intention may also be taken into consideration when deciding whether to support a shareholder proposal. In 2023, we typically supported shareholder proposals which were not overly prescriptive and did not mandate the adoption of strategies, only requesting information or data enabling us to better assess material financial risks to the company around issues such as human capital management. 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 ESG oversight; metrics disclosure; climate change and energy transition; and diversity, equity, and inclusion (DEI). Based on trends and best practices coming out of 2023, we updated our policy in the first quarter of 2024 to clarify that we review current company disclosures when determining whether a shareholder proposal is additive or unnecessary. We also clarified that we may consider supporting shareholder proposals requesting information and data related to board members, like a board skills and diversity matrix.

In 2023, we expanded the language in our Proxy Voting Policy to detail our views on other environmental and social proposals, including ESG oversight; metrics disclosure; climate change and energy transition; and diversity, equity, and inclusion (DEI).

In 2023, we supported 20% of all resolutions raised by shareholders. The following chart breaks down our support levels for shareholder ESG proposals in 2023.

Shareholder Proposal Support Level by Category in 2023



Key Shareholder Proposal Topics Supported in 2023

Based on our Proxy Voting Policy, our Investment Stewardship team commonly supported these types of proposals, among others, in 2023:

Governance

- Provide right to act by written consent
- Amend proxy access right
- Submit severance agreement (change-in-control) to shareholder vote

Social

- Adopt policy to annually disclose EEO-1 data
- Publish an annual report assessing diversity and inclusion efforts
- Report on gender/racial pay gap

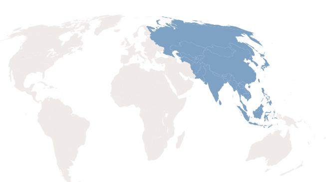
Environmental

- Report on climate-related risks and opportunities

Examples: Proxy Voting

The following case studies illustrate our proxy voting approach in 2023. Please note these examples do not represent the full number or breadth of proxy decisions that we make for these and other companies in which we invest.

Hang Lung Group



Region: **Asia**

Sector: **Real Estate**

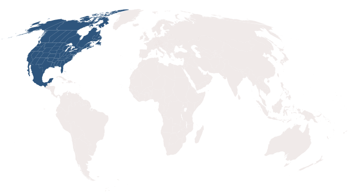
Background: Hang Lung Group is a property development company based in Hong Kong. In 2023, we noted that a director up for re-election at the annual general meeting (AGM) had not attended at least 75% of scheduled Board and applicable committee meetings. We expect directors to attend at least 75% of scheduled board and applicable committee meetings. Earlier in the year, we had formally updated our Proxy Voting Policy to typically vote against the re-election of directors who fail to attend more than 75% of scheduled meetings absent extenuating circumstances.

Approach: We looked at the director's historical level of attendance at Board meetings. This director did not meet our threshold of meeting attendance in any of the last four years. The company did not provide a rationale explaining this director's lack of attendance at meetings.

The company maintains a classified board structure that does not allow shareholders to vote on all directors every year. We decided to vote against the re-election of this individual for attendance issues to ensure our concerns were noted given the lack of annual director elections.

Outcome: This director received 71% support at the AGM. We continue monitoring the company on this matter. We may consider voting against this director in future years if Board meeting attendance is not improved to at least 75% of meetings.

Lincoln National



Region: **North America**

Sector: **Financials**

Background: Lincoln National is a U.S.-based company that operates insurance and investment management businesses. In 2023, the company received a shareholder proposal to implement a policy requiring shareholder approval of any senior manager's new or renewed pay package that provides for severance or termination payments with an estimated value exceeding 2.99 times the sum of the executive's base salary plus target short-term bonus.

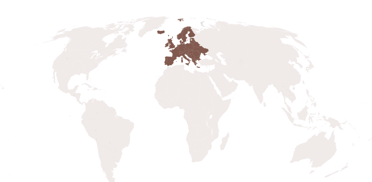
Approach: We typically support these proposals when a company has not disclosed a severance policy that caps severance to three times base salary plus bonus and allows shareholders to vote on payments above that amount.

For this AGM, the Investment Stewardship team and Global Industry Analyst engaged with the company and sought its perspectives. We learned the company implemented a policy which limits cash severance to a reasonable basis (2.99 times base salary + target bonus) and will seek shareholder approval if the cash severance basis is to exceed that limit.

The company has also demonstrated responsiveness to concerns in removing a problematic "good reason" definition provision in the CEO's severance agreement, which would have allowed the CEO to become eligible for severance after a change in control and a voluntary termination. Now the severance payout can only be triggered by an involuntary removal from the job following a change in control. In light of the actions taken by the company to respond to shareholders, we did not support the shareholder proposal.

Outcome: The proposal received 16% support at the AGM.

Anheuser-Busch



Region: **Europe**

Sector: **Consumer Staples**

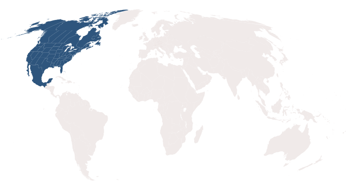
Background: As we described in last year's report, we continue monitoring and identifying concerns with the executive compensation policy at Anheuser-Busch InBev (AB InBev), a Belgium-based drinks and brewing company. We believe the company did not respond sufficiently to shareholder dissatisfaction in 2022, and in 2023, we continued to be concerned that the long-term incentive plans did not clearly define maximum award limits and lacked sufficient performance metrics disclosure. We believed the policy could lead to excessive pay levels versus AB InBev's peer group.

This year, we also noted that two directors up for election were non-independent former employees who sat on key committees (the Compensation Committee and the Nominating Committee). We prefer companies to have Compensation, Audit, and Nominating Committees composed entirely of independent directors and may vote against directors who are not independent and sit on those key committees.

Approach: After discussions among the Global Industry Analyst and Investment Stewardship team, and consultation with the Proxy Policy Committee and members of the relevant Investment Committees, we determined it was appropriate to vote against the compensation report once again. Additionally, we decided to vote against the two non-independent directors sitting on key committees to convey our views on the importance of independent key committees.

Outcome: The two directors we did not support received vote results of 75% and 76% at the AGM. The compensation report received 75% support from shareholders. We will continue engaging with the company on its compensation policy and governance practices.

Meta Platforms



Region: **North America**

Sector: **Communication Services**

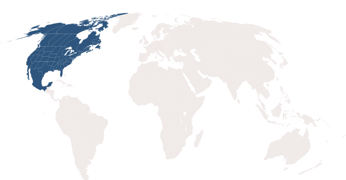
Background: Meta Platforms (Meta) is a U.S.-based multinational technology conglomerate. At its 2023 AGM, Meta received a shareholder proposal to approve a recapitalization plan for all stock to have one vote per share. Meta maintains a dual-class share capitalization structure, whereby class A shares have one vote per share and class B shares have 10 votes per share. Class B shares are majority-owned by the CEO and Chair.

Approach: We are generally opposed to dual-class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments and will generally oppose the creation of separate classes with different voting rights. For existing dual-class structures, we take into consideration various factors, including governance, management, and whether a provision is in place to sunset this structure.

Meta has received this proposal in previous years. We take a case-by-case approach. In 2023, we voted for the one share, one vote recapitalization shareholder proposal to signal our view that we would like to see our shareholder voting power be equal to economic interest at Meta.

Outcome: Though the proposal did not pass, tied partly to the dual-class capitalization of the stock, we believe our vote was an appropriate signal to management about shareholder rights and corporate governance best practices.

Capital One



Region: **North America**

Sector: **Financials**

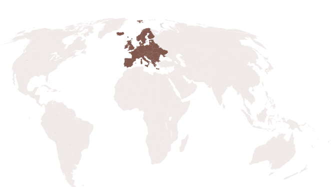
Background: Capital One is a U.S.-based financial company. On its 2023 AGM ballot, Capital One sought to pass a management proposal to eliminate certain supermajority voting provisions from its certificate of incorporation. The company also received a shareholder proposal requesting disclosure of board qualifications, skills, and a diversity matrix.

Approach: We do not support supermajority voting provisions with respect to corporate governance issues. We supported the management proposal to eliminate supermajority voting provisions at the AGM.

We typically support shareholder proposals requesting information or data that enable us to better assess the financial materiality of ESG risks to the company relating to human capital issues. In this case, we believed it was appropriate to support the shareholder proposal as it was not overly prescriptive nor overly burdensome for Capital One to disclose.

Outcome: The management proposal to remove the supermajority vote requirement received the required level of support. The diversity and board skills shareholder proposal received 44% support at the AGM.

Equinor



Region: **Europe**

Sector: **Energy**

Background: Equinor is an international energy company headquartered in Norway. When voting at Equinor's shareholder meetings, shareblocking applies, meaning the shares held in our portfolios are restricted from being sold during the period from the meeting cut-off date through the day after the meeting.

Approach and Outcome: In 2023, we decided it was important to exercise our rights and vote at Equinor's meeting, thereby blocking our shares for a short period of time. Typically, this process involves consultation between the Investment Stewardship team and Global Industry Analyst on whether and how to vote. Then, signoff is sought from the Proxy Policy Committee and relevant Investment Committees to vote this meeting. Our Legal and Compliance teams are also consulted to ensure shareblocking is applied accurately and in a timely fashion.

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 we believe is aligned with our goals to provide the best investment outcomes.

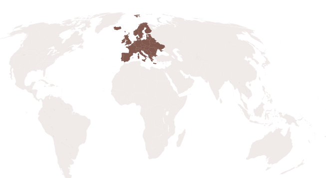
Our Credit Research Analysts typically review relevant bond covenants. When possible, we try to negotiate tighter covenants at the time a company issues debt. Our success varies throughout the economic cycle. When markets are bullish and liquid, we usually have limited bargaining power. However, when 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 terms & conditions changes in the offering documents). Some examples of successful debt negotiations include Legg Mason in 2012 and Sallie Mae in 2008. We describe another example below.

In 2023, in the accounts under our management, we analyzed tender and exchange offers for approximately a dozen issuers. We participated in those offers we believed could provide the best investment outcome 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 related 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 Fixed Income Security



Region: **Europe**

Sector: **Financials**

Background: Following the write down of Credit Suisse's Additional Tier 1 (AT1) securities in the spring of 2023, a different European financial institution solicited input from potential investors on possible changes to the terms and conditions of its next AT1 issue.

Approach and Outcome: We shared our views on potential terms and conditions with the issuer. In response to market feedback, the issuer improved the terms relative to its prior transactions. We participated in the issuer's next offering.

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 we have cast for each proposal. Reports can be distributed on a quarterly or ad hoc basis based on the individual client's request.

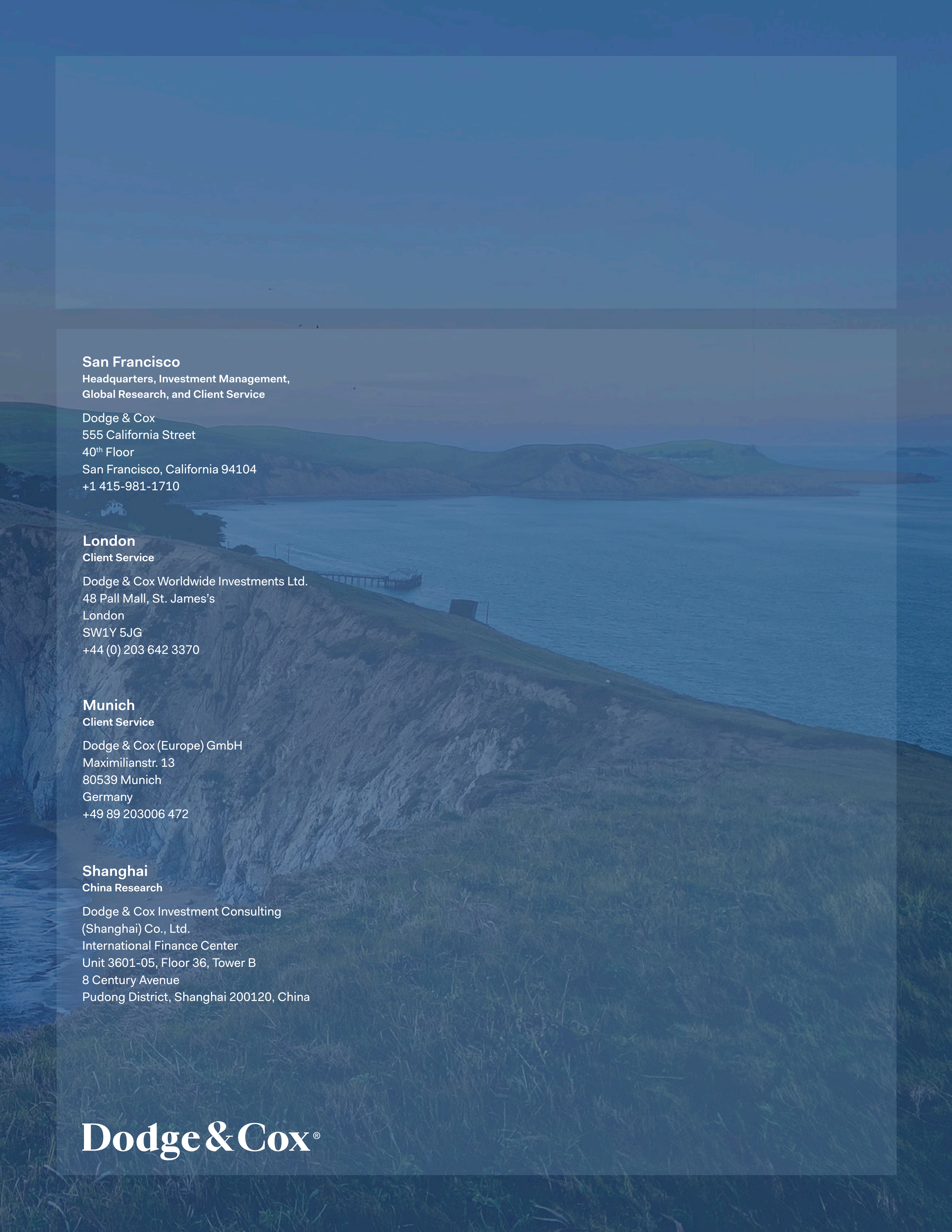
Conclusion

Our mission is to deliver superior long-term investment results to enable our clients to achieve their financial goals.

In Closing

At Dodge & Cox, our mission is helping our clients achieve their investment goals by producing attractive long-term returns across a range of economic and market scenarios. To deliver on that mission, we act as stewards of our firm and our clients' capital. Since our founding in 1930, we have operated our business with strong corporate governance and client-aligned values. We also recognize stewardship is a journey. Just as the companies we research need to adapt and respond to today's challenges, we know we also need to continue evolving. Our focus on stewardship enables us to continue enhancing our organization and our investment capabilities on behalf of our clients.

We hope this report has helped you gain a deeper understanding of how we approach stewardship, our governance model, and the initiatives we have in place to continue refining our approach over time.



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