Dodge & Cox®

2022 Stewardship and ESG Integration Report

Introduction

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

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

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

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

In this Stewardship and ESG Integration Report, we detail our approach and the specific enhancement initiatives we undertook in 2022. Among other initiatives, we formalized our assessment of carbon risk for companies and our evaluation of financially material ESG factors for sovereign bonds. We hope it will be of interest to you, and we welcome your feedback and questions.

Sincerely,

Dana Emery
Chair and CEO

Steven Voorhis
Director of Research

Firm Overview

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

Who We Are

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

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

Our time-tested, 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. We work as one diverse, global investment team, rigorously researching debt and equity securities and incorporating financially material ESG and macro factors. Our Investment Committees build conviction for our investments by stress testing our thinking collectively and making decisions together. This decision-making process is designed to eliminate individual biases and spur dynamic debate.

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

How We Define Stewardship

We believe stewardship has two dimensions: how we manage our firm and how we invest our clients' assets. Both dimensions are essential for us to achieve our goal of preserving and enhancing our clients' wealth over the long term, which guides our investment strategy and decision making. As stewards of our clients' capital, we assess how the companies we invest in manage their businesses. Our long-term investment approach 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 regulatory requirements 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.

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

How We Manage Our Firm

We manage our firm in the same way we make decisions for our investment strategies: we take a collaborative approach based on thoughtful research, a long-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 leadership structure. A deep and experienced group of individuals is responsible for managing the firm, including our investment strategies, stewardship, client service, and operations.

We are committed to cultivating a diverse, equitable, and inclusive workplace because we believe that 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.

Our Investment Approach

We are value-oriented investors who utilize a three- to five-year time horizon, which encourages low portfolio turnover. We look for opportunities to take advantage of price inefficiencies in the equity and fixed income markets to generate long-term outperformance. We are highly selective in constructing portfolios. We build our portfolios security by security from the bottom up, diversify them across sectors, and maintain high active share.[1] We invest with a goal of producing attractive total returns across a range of economic and market scenarios.

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

As part of our equity and fixed income security 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 long-term value of a company or an issuer's ability to fulfill its debt obligations. We refer to this approach as ESG integration. We seek to understand a company's or issuer's strategy, governance structures, and commitment to managing the business for the benefit of long-term stakeholders. An important part of our investment process is our ongoing dialogue with management teams and boards regarding financially material issues. We engage on issues we deem could be financially material to our investment thesis when it is appropriate to our understanding of a company and the actions it is taking. We also vote proxies for which we have authority where operationally, legally, and reasonably feasible under the terms of our policies.

Our Client Base and Where We Work

We manage money for individuals and institutions globally. Our clients—which include institutional retirement plans, foundations and endowments, and individuals—entrust us with

[1] Active share is a measure of the percentage of holdings in a manager's portfolio that differs from the benchmark index.

their assets. We seek to preserve and enhance the future purchasing power of our clients' assets. We offer a focused set of strategies across three main investment vehicles—U.S. mutual funds, UCITS funds, and separate accounts. As of December 31, 2022, we managed $322.9 billion in assets.

We make investment decisions and manage our portfolios from our office in San Francisco. Our investment team works together closely to facilitate continual, informal discussions of research and investment ideas. We believe this informal exchange of ideas is crucial to the investment process. Additionally, a small number of employees work at our business recovery site in San Ramon, which is located 34 miles from our headquarters in San Francisco. In February 2010, we opened an office in London and established Dodge & Cox Worldwide Investments Ltd. , as a way to serve professional investors outside of the United States. This office consists of client service representatives and administrative support. In April 2021, we established an indirect wholly owned subsidiary in Shanghai, Dodge & Cox Investment Consulting (Shanghai) Co., Ltd, to supplement the firm's research capabilities in China. As of December 31, 2022, we had 328 employees across our offices.

We began operating in a 3:2 hybrid working model in 2022, whereby staff work in the office Tuesdays through Thursdays and have the option of working remotely on Mondays and Fridays. Our 3:2 hybrid working model enables us to maintain and strengthen our culture while offering greater flexibility to our employees.

Our Compliance Approach and Code of Ethics

As an employee-owned firm, our independence enables us to make both investment and business decisions that we believe serve the best long-term interests of our clients. This focus on our client's long-term outcomes, rather than sales or asset gathering, means our culture is also rooted in compliance. We maintain comprehensive compliance policies and procedures designed to address conflicts of interest, prevent and detect violations of securities laws and regulations, and help maintain our firm's strong reputation. In addition, we maintain and enforce a Code of Ethics that complies with applicable securities laws and regulations and reflects the firm's fiduciary duties to our clients. Our Code of Ethics requires all employees to place our clients' interests first and avoid or disclose any potential conflicts of interest.

This focus on our client's long-term outcomes, rather than sales or asset gathering, means our culture is also rooted in compliance.

ESG Governance Structure and Resources

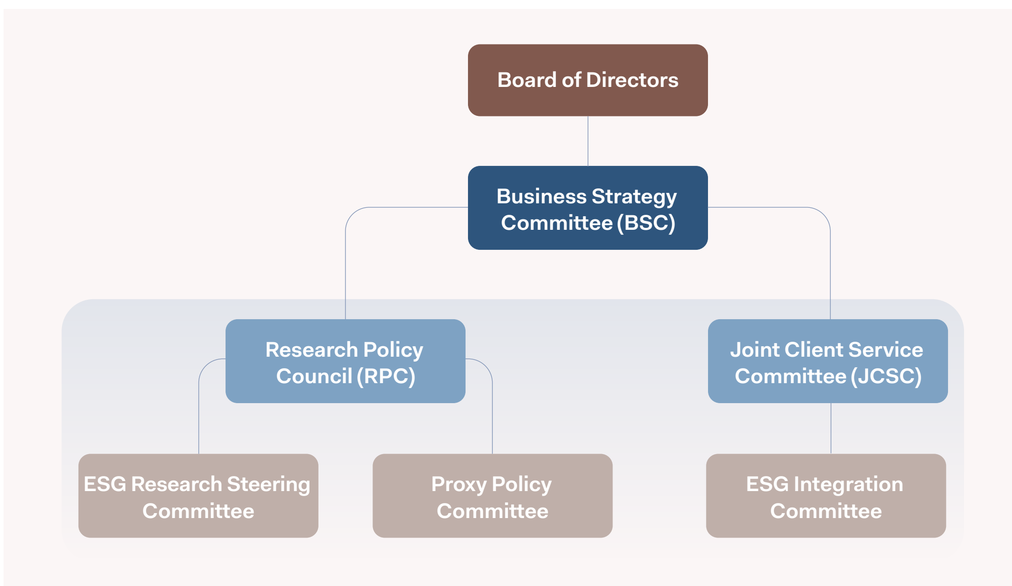
Our governance structure guides our ESG integration and stewardship efforts.

How We Manage and Support Our Stewardship Responsibilities

Our 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)—who support the firm's investment team and long-term resource needs. Global Industry and Credit Research Analysts across our 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 an issue may be material 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, as well as other senior business leaders. Our Joint Client Service Committee (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 that affect 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.

ESG Governance Structure



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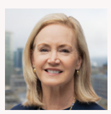
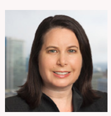
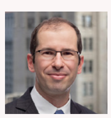
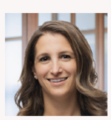
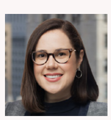
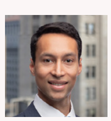
Our Collective Decision Making

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

Years as of December 31, 2022.

*Board and Business Committees:

D&C Board:
Dodge & Cox Board of Directors

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

BSC:
Business Strategy Committee

RPC:
Research Policy Council

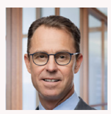
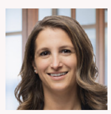
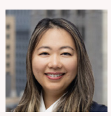
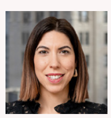
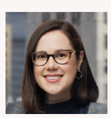
JCSC:
Joint Client Service Committee

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

ESG Integration Committee

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

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

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

Years as of December 31, 2022.

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

BSC:
Business Strategy Committee

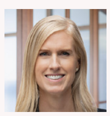
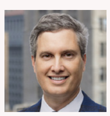
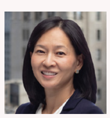
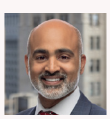
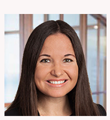
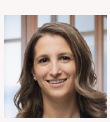
JCSC:
Joint Client Service Committee

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

Proxy Policy Committee

Our Proxy Policy Committee oversees our proxy voting process and policy. The Committee was formed over 15 years ago to annually review and update our Proxy Voting Policy as needed. The Proxy Officer or delegate updates the Committee with developments on important issues related to proxy voting as they occur. The Proxy Officer and other members of the Proxy and Governance team (see "Our Dedicated ESG Professionals" section following for more) 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 our Proxy Officer, Sonia Lurie.

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

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

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

Years as of December 31, 2022.

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Research Policy Council

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Oversight and Reporting Structure

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

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

Our Dedicated ESG Professionals

Many individuals across the firm work on ESG-related research and initiatives, including our investment team, members of our ESG and Proxy Committees, and individuals on our Client, Communications, Information Technology, Data, Legal, and Compliance teams. Six ESG professionals—including our ESG Integration Analyst, ESG Integration Research Associate (hired in 2023), ESG Client Portfolio Analyst, and the three members of our Proxy and Governance team ("Proxy team")—are primarily focused on the firm's ESG efforts.

Our ESG Integration Analyst and 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 Proxy team consists of our Proxy Officer and two Proxy Analysts. Together they work 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. 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.

We evaluate ESG-related data and research from a variety of third-party sources.

Our Third-Party Relationships

We evaluate ESG-related data and research from a variety of third-party sources as part of our investment process. This research augments the information we evaluate in developing our investment thesis on a given company or issuer. All investment decisions are based on the judgment and analysis of our investment professionals, not on outside recommendations.

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

ESG Research & Data Resources

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

We are members of several industry associations and initiatives designed to improve how financial markets function.

Our Involvement in Industry Groups

We are members of several industry associations and initiatives designed to improve how financial markets function. To that end, in 2022, we participated in a number of forums organized by the following industry groups:

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

Evolving Our ESG Integration Approach

Key Actions and Planned Initiatives

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

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

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

Some of our planned initiatives for 2023 include:

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

ESG Integration

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

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

We employ a disciplined approach to selecting equity and fixed income investments characterized by rigorous bottom-up research, a strict price discipline, team decision making, and a three- to five-year investment horizon. As part of our company selection process, we consider ESG factors, along with other factors, to determine whether they are likely to have a financially material impact on a company's or issuer's risks and opportunities. We view ESG factors as financially material when they are likely to affect the company's long-term value or an issuer's ability to fulfil its debt obligations. We refer to this approach as ESG integration, which we outline in our ESG Policy Statement 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—that we believe ultimately determine business success. Additionally, our long-term investment approach is well suited to evaluating ESG risks and opportunities since they are more likely to occur over a longer time horizon.

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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.

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

After selecting an investment, our Investment Committees and analysts actively monitor the price and underlying fundamentals of companies held widely[2] across our client accounts and mutual funds. The analyst will recommend adds, trims, or a complete sale for the Investment Committee's consideration if there are material changes. Consistent with the security selection process, they consider a range of risk factors, including those related to financially material ESG issues and the return outlook for the portfolio's broader opportunity set. Generally, we hold investments over several years to allow time for our thesis to play out.

Examples of ESG Factors We Consider

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

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

Our Company ESG Risk Framework serves 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. Our Global Industry and Credit Research Analysts complete this assessment for companies and corporate issuers we add to our portfolios, and they typically review and update this assessment annually for companies and corporate issuers held widely across our client and fund accounts. Please see 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 most current thinking, including adding more explicit considerations about climate change risk. We did not make any updates to our Company ESG Risk Framework in 2022.

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

Company ESG Risk Framework

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

Environmental

Climate Change

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

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

Pollution or Environmental Damage

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

Raw Material Sourcing

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

Social

Human Capital

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

Customer Satisfaction & Safety

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

Human Rights & Community Relations

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

Governance

Capital Allocation

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

Management & Board

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

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

Ownership Structure

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

Additional Considerations

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

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

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

Examples: Equity

Below we have outlined three examples to 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, 2022.

Occidental Petroleum

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

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

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

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

Schneider Electric

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

We believe Schneider is well positioned to benefit from the increased focus on designing and retrofitting buildings to be more sustainable. According to a report in 2022, the operation of buildings accounts for approximately 27% of the total energy sector carbon dioxide emissions.* Therefore, improving building energy efficiency is an important step in reducing overall global carbon emissions. As more companies establish emissions reduction goals, we anticipate they will seek ways to reduce their building energy usage. Schneider offers a range of products and services to provide its customers' end-to-end solutions for efficiency and sustainability in their homes, buildings, data centers, and industrial facilities. Its offerings include digital solutions, such as EcoStructure, that help customers establish an "internet of things" to optimize energy consumption, comfort, and productivity.

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

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

GSK

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

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

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

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

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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 assets. Each asset type presents its own nuances in the context of ESG integration, which we take into consideration as a part of our research when relevant to our investment thesis and when sufficient information is available.

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

Corporate Bonds

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

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

Because of these differences, our credit 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, 2022.

Enel

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

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

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

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

Boston Properties

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

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

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

Sovereign Bonds

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

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

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

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

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

Our macro analysts first completed the Sovereign ESG Framework at the end of 2021 for sovereign markets in which we have exposure through our global fixed income strategy,

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

Examples: Sovereign Bonds

We have outlined two examples of how financially material ESG factors were considered in our investment analysis and decision making for sovereign bonds held in one or more of our fixed income portfolios as of December 31, 2022.

Australia/ New South Wales

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

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

Brazil

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

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

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

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

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

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

We offer a focused set of strategies across three investment vehicles—U.S. mutual funds, UCITS funds, and separate accounts.

Aligning Our Approach with Our Clients' Guidelines

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. The documentation 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 it to Dodge & Cox to vote in line with our Proxy Voting Policy.

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

Climate Change and the Energy Transition

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

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

Since 2021, a group of analysts who cover companies within the industrials and energy sectors have led an annual research review and discussion on the global energy transition. They 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, Global Industry and Credit Research Analysts evaluate climate-related physical and transition risks, as well as opportunities, when they have the potential to be financially material to our investment thesis. They also complete our new Carbon Risk Assessment, which is a more formalized evaluation of a company's or corporate issuer's carbon intensity and decarbonization strategy.

Our ESG Research Steering Committee launched an interactive dashboard and framework to analyze a company's carbon risk.

Carbon Risk Assessment

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

The Dashboard

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

Examples of Carbon Metrics We Evaluate

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

The Framework

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

How We Assess a Company's Carbon Risk

1	2	3	
Carbon Intensity	**Competitive Positioning**	**Decarbonisation Targets**	**Carbon Risk Assessment**
Does the company have a high carbon intensity based on its Scope 1 and 2 emissions?	How does the company's carbon intensity compare to industry peers?	What is the company's decarbonisation strategy and is it a leader or laggard versus industry peers?	Analyst determines whether the company has very high, high, medium, or low risk.

The Carbon Risk Assessment

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

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

Holcim

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

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

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

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

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

We define engagement as communication with a 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.

Methods of Engagement

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

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 Proxy team may request to engage with an issuer, or an issuer may request a meeting with us, for proxy-related discussions. In 2022, this team conducted 68 meetings with 50 unique companies. 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 in 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
- Proxy Officer
- Proxy Analysts
- ESG Integration Analyst

Issuer's Participants

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

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

Regional Differences

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

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

Engagement Topics

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

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

Example ESG Topics We Discussed with Companies in 2022

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 expenditure energy transition investments	Data privacy and cybersecurity	Company ownership structure Succession planning
	Employee health and safety	Board and management team priorities
	Access to medicine and drug pricing	Capital allocation decisions
	Human rights issues	Compensation plan and incentive targets, including ESG-related key performance indicators
	Product liability	

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

Mitsubishi Electric Corporation

Sector: **Industrials**

Region: **Japan**

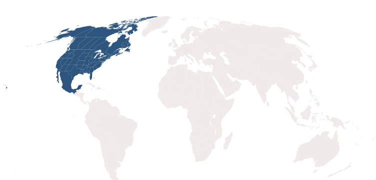
Engagement Topics: **Governance, Social**

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

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

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

Charter Communications



Sector: **Communication Services**

Region: **North America**

Engagement Topics: **Governance, Social**

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

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

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

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

Glencore

Sector: **Materials**

Region: **Europe**

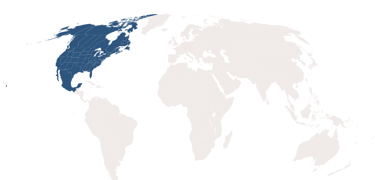
Engagement Topics: **Environmental**

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

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

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

Suncor Energy



Sector: **Energy**

Region: **North America**

Engagement Topics: **Social**

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

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

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

Escalation of Issues

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

We evaluate and assess the potential outcome of each engagement based on management's reaction to the discussion, actions, and long-term performance. Because of our long-term investment outlook, we monitor issues we have identified over an extended period. If direct engagement with the company has not resulted in progress toward our stated objective, we may escalate the engagement through additional meetings with management and the board. Further escalation could include voting against the election of board members or voting against other relevant management proposals, or formalizing our engagement by expressing our views in a written letter.

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

Steps in our Escalation Process

Identify material financial risk or ESG-related issues

Meet with company to share views and hear company response

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

Formally communicate our views through letter writing

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

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

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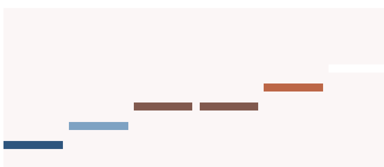
When escalating issues we generally involve the analyst who covers the particular company and more senior members of our investment team, such as our Chief Investment Officer, Director of Research, or members of our Investment Committees. If an escalation relates to making a proxy voting decision, the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

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

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

Elanco Animal Health



Sector: **Health Care**

Region: **North America**

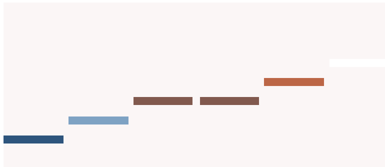
Escalation steps: **Continue to Meet**

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

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

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

Bayer AG



Sector: **Health Care**

Region: **Europe**

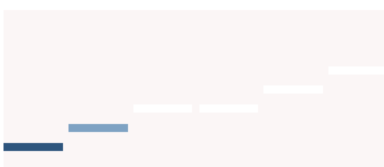
Escalation steps: **Continue to Meet**

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

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

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

Cognizant



Sector: **Information Technology**

Region: **North America**

Escalation steps: **Meet with Company**

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

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

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

Our Proxy Voting Process

Exercising Our Rights and Responsibilities

We seek to build constructive, long-term relationships with company management teams and boards and believe direct engagement is most effective. We may also express our views through our proxy votes, which is an important component of our stewardship responsibilities. Our detailed Proxy Voting Policy guides these votes and our assessment of ESG-related issues we view as financially material. We refer to our approach to engagement and proxy voting as active ownership. Our policy applies to all vehicles and separate accounts where we have voting authority.

Our Proxy Voting Process

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

When items are not covered under our policy, our Proxy Officer or delegate may work directly with the analyst and a member of our Proxy Policy Committee to perform an additional review. We believe having multiple individuals review our rationale and voting decisions best serves our clients. A few examples of topics we consistently review on a case-by-case basis are mergers and acquisitions, golden parachutes, related party transactions, and contested elections. We ultimately vote proxies in a way which, in our opinion, serves the interest that we believe all clients share—seeing the value of a common investment increase over time.

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

Monitoring Voting Rights

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

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

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

How We Use Proxy Research Firms

We have retained ISS to administer proxy voting and reporting for our clients. We also review proxy research from ISS and Glass Lewis as one component to our proxy process. When making proxy voting decisions, we rely on our own Proxy Voting Policy. Our voting decisions are informed by our company discussions and engagements, local market standards, and analysis/input from our Proxy team as well as members of our investment team. In 2022, we voted against our proxy adviser's (ISS) recommendations approximately 11% of the time.

Considerations for Separate Account Clients

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

Voting Limitations

We vote securities for which we have full proxy voting authority consistently across all our portfolios and funds in accordance with our Proxy Voting Policy. While we use our best efforts to vote proxies, in certain circumstances it may be impractical or impossible to do so. For example, when a client has loaned securities to a third party, those securities are generally not available for proxy voting. 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 that securities be "blocked" or registered to vote at a company's meeting. Absent an issue of compelling importance, we will generally not subject our clients to liquidity loss imposed by these requirements.

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

Our 2022 Proxy Voting Activities

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

593
Unique meetings voted

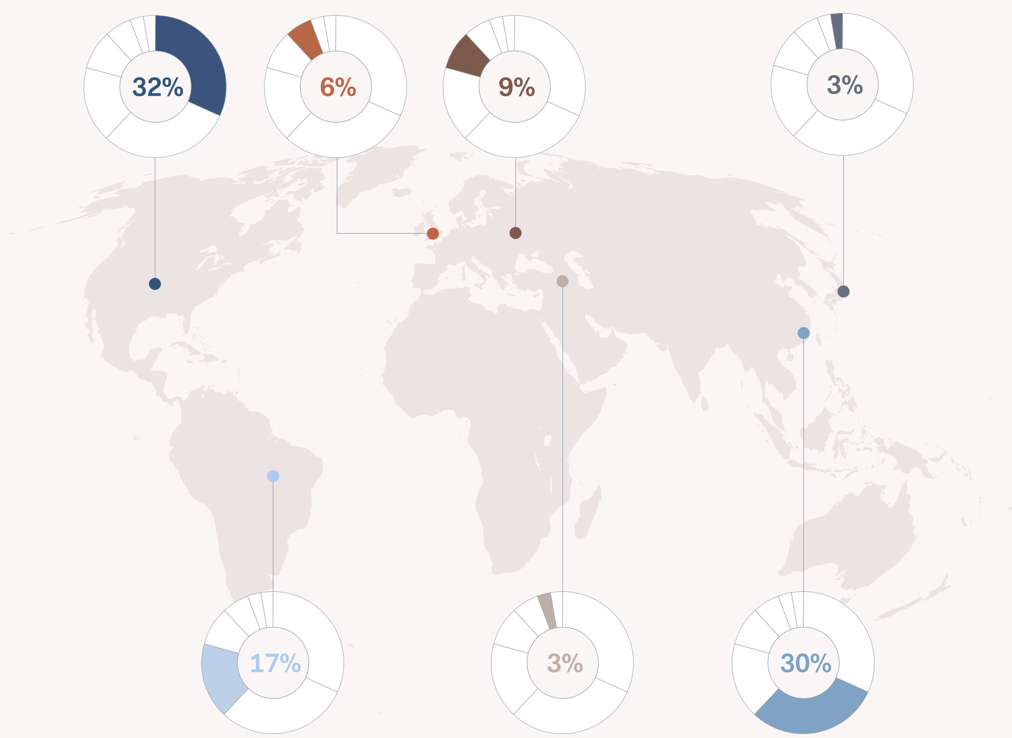
7,232
Total proposals voted

245
Meetings where voted against management on at least one proposal

35%
Percentage of shareholder proposals supported

We Voted 100% of Eligible Meetings Across Various Regions

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



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

Rationale for Votes Against Management

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

The rationale for our votes can be tied back 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 proposals to establish cumulative voting, as cumulative voting does not align voting interest with economic interest in a company;
- Voting against the creation of separate classes with different voting rights, as dual class 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.

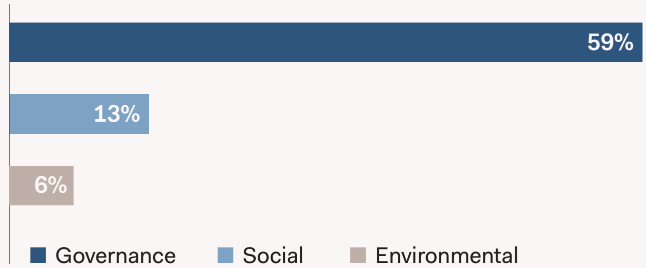
We typically supported shareholder proposals requesting information or data enabling us to better assess material financial risks to the company around social and environmental issues, including human capital, climate change, and energy transition.

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

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

Shareholder Proposal Support Level by Category in 2022



Key Shareholder Proposal Topics Supported in 2022

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

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

Anheuser-Busch InBev SA/NV

Sector: **Consumer Staples**

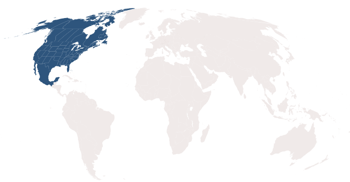
Region: **Europe**

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

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

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

Zimmer Biomet



Sector: **Health Care**

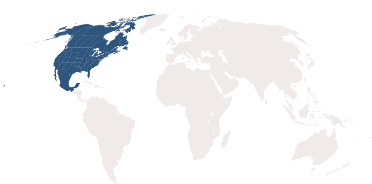
Region: **North America**

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

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

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

Hewlett-Packard



Sector: **Information Technology**

Region: **North America**

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

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

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

Fixed Income Portfolios

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

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

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

Money Market Funds

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

Anonymous Issuer

Sector: **Energy**

Region: **Latin America**

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

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

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

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 helping our clients meet their investment 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 recognize that stewardship is a journey. Just as the companies we research need to adapt and respond to today's challenges, we know that we also need to continue evolving. Our focus on stewardship enables us to continue to improve both our organization and our investment capabilities on behalf of our clients.

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

The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. Any securities identified are subject to change without notice and do not represent a Fund's entire holdings. Diversification does not ensure a profit or guarantee against losses.

The ESG considerations assessed as part of the research and investment process may vary across investment strategies, eligible investments and issuers, and not every ESG factor may be identified or evaluated for every investment. There is no guarantee that the evaluation of ESG characteristics will be additive to a fund or account's performance. ESG is not a uniformly-defined characteristic and information used to evaluate ESG characteristics may not be readily available, complete, or accurate, and may vary across providers and issuers. Because of the subjective nature of ESG integration, there can be no guarantee that ESG factors considered will reflect the beliefs or values of any particular client. There is no guarantee that any particular ESG outcome will be achieved for any fund or separately managed account.

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