

Environmental, Social, and Governance (ESG) Policy Statement

As active managers, we seek investment opportunities with the potential to create long-term value for our clients and Fund shareholders. Through fundamental research, we evaluate many factors of a company or issuer—including environmental, social, and governance (ESG) factors—to determine whether they could materially impact the success of our investments. We believe evaluating financially material ESG factors helps us better understand a company or bond issuer's potential risks and opportunities.

Our Approach To ESG: Focus On Financial Materiality

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

Financially material ESG factors can differ for each company or bond issuer. In our analysis, we seek to understand how a company or issuer makes decisions, balances the interests of its stakeholders, and manages key risks. In doing so, we pay particular attention to governance structure and practices, as well as risks and opportunities associated with environmental and social factors, when applicable. In general, we believe governance factors have the potential to be financially material for every company, whereas 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 that the company is making progress on those issues or if we conclude that it is still a compelling investment because of other considerations, like an attractive valuation.

For each of our investment strategies, we analyze financially material ESG factors as part of our investment process, along with consideration of relevant account guidelines. To emphasize our commitment to ESG integration, we became a signatory to the Principles for Responsible Investment (PRI) in 2012. As a PRI signatory, Dodge & Cox has committed to considering the investment implications of ESG issues within our portfolio management and investment decision-making processes, where appropriate and consistent with our fiduciary duty.

How We Consider ESG Factors

As part of our bottom-up research process, we develop a well-rounded view of a company's fundamental strengths and weaknesses, including how ESG factors could affect the company's ability to generate long-term value.

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

Within their reports, our analysts formulate an investment thesis that typically includes three-to-four opportunities and risks that appear most critical to the future success of the investment. 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 analysts then present 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 that are widely held across our client and fund accounts. The analyst will recommend adds, trims, or a complete sale for the Investment Committee's consideration if there are material changes. Consistent with the security selection process, they consider a range of risk factors, including risks related to financially material ESG issues, as well as the return outlook for the portfolio's broader opportunity set. We intend to invest in a company for several years to allow time for our longer-term investment thesis to play out, so our active evaluation of our current investments is equally as important as our initial investment decision.

Specific to our fixed income strategies, our credit research analysts typically work with the global industry analysts to evaluate ESG factors that we believe are likely to affect a company's ability to pay back its debt obligations. In our fixed income portfolios, we may also own sovereign bonds, municipal bonds, and securitized products—each of which present their own nuances in the context of ESG integration, which we consider as a part of our research.

How We Approach Engagement And Proxy Voting

Dodge & Cox believes that our role as an active manager extends beyond selecting securities for our portfolios. Maintaining a dialogue with company management teams and boards helps us build our understanding of their priorities and strategies over time. When we believe a certain issue is significant to our investment thesis, we look for opportunities to engage directly with the issuer. In particular, we aim to address issues when we believe our perspective has the potential to benefit the long-term outcome of the investment. With respect to ESG, we typically engage on governance factors, but if we view an environmental or social issue as financially material, we may choose to engage and share our views on those issues as well.

We seek to build constructive, long-term relationships with company management teams and boards. We prefer to have ongoing conversations and do not typically file shareholder resolutions or join public campaigns. We may also express our views through our proxy votes. Our detailed [Proxy Voting Policy](#) guides these votes and may take into account ESG-related issues that we view as financially material. We refer to our approach to engagement and proxy voting as active ownership.

How We Structure ESG In Our Team Decision Making

Our Director of Research oversees and sets the direction for our ESG integration approach, in collaboration with our Research Policy Council, which is a group of senior investment leaders who support the firm's investment team and long-term resource needs. Our analysts across our integrated equity and fixed income investment team are responsible for incorporating financially material ESG factors into their ongoing research and analysis. Our team-based investment decision-making process enables us to consider a range of ESG perspectives throughout the investment process.

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

In recognition that ESG data, analytical tools, and best practices are evolving and cut across sectors, Dodge & Cox's ESG Research Steering Committee leads initiatives to formalize and further develop our ESG integration approach. Our Director of Research leads this Committee, which includes our CEO, senior analysts, ESG Integration Analyst, and Proxy Officer. The Committee reports into our Research Policy Council, which approves significant decisions related to our investment process.

To monitor how ESG continues to evolve within the investment industry overall, our ESG Integration Committee studies ESG-related industry trends and regulations, helps guide client communication efforts about our ESG integration approach, and coordinates work across our departments on ESG initiatives. This Committee includes senior leaders on our Client Services team, as well as our ESG Integration Analyst, ESG Client Portfolio Analyst, and Proxy Officer.

As part of our active ownership approach, our Proxy Policy Committee reviews and approves our Proxy Voting Policy and Procedures and provides oversight of our proxy voting process. The Proxy Policy Committee consists of our Proxy Officer, global industry analysts, members from Investment Committees, our Director of Research, and representatives from our Legal and Compliance teams.

In Closing

At Dodge & Cox, our mission is to help our clients meet their investment goals. To deliver on that mission, we conduct thorough research across factors that could materially impact the long-term value of a company or debt security. We believe identifying and monitoring financially material ESG considerations helps us assess the full picture of risks and opportunities of a particular investment.

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.

The PRI principles (formerly United Nations Principles for Responsible Investment (UNPRI) principles) related to sustainable and responsible investing represent general principles, which signatories integrate into their investment processes in different manners. Dodge & Cox integrates ESG considerations into our investment decision making as described in our ESG policy statement and relevant offering materials, and may not fully implement certain PRI principles. More information about how we implement PRI principles can be found in our annual report to PRI, which is publicly available on the PRI website.

Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and charges and expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.