

## Investment Perspectives

# ESG Integration: How We Analyse ESG Factors as a Component of Our Investment Process

### Key Takeaways

- Our mission is to help our clients meet their long-term investment goals by producing attractive long-term returns across a range of economic and market scenarios.
- Our investment approach is rooted in deep fundamental research, where we aim to identify companies that have attractive long-term earnings and cash flow prospects not reflected in their current valuations.
- As part of our long-standing research process, we analyse financially material environmental, social, and governance (ESG) factors—as we do other fundamental factors—that could impact the long-term value of a particular investment.
- We view ESG factors as financially material when they are likely to affect a company's fundamentals or an issuer's ability to fulfil its debt obligations.
- Importantly, we do not include or exclude securities in our portfolios solely due to ESG factors, unless we are directed to do so based on a client's investment guidelines.
- We believe this integrated approach helps us assess the full picture of risks and opportunities of a particular investment.

### Our Role As Responsible Stewards

Dodge & Cox was founded in 1930, when conflicts of interest permeated the investment world. Our founders—Van Duyn Dodge and Morrie Cox—saw an opportunity to create a new kind of investment firm, one with a business model that puts clients' interests first. Their solution was to create an independent and focused firm with a limited set of investment strategies offered at reasonable and transparent fees. Over 90 years later, these principles still underpin how we view our role as stewards of our clients' investment capital.

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. We have built our firm on the bedrock of 100% employee ownership, financial strength, fundamental research, and an unwavering commitment to active, price-disciplined investing in public equities and fixed income securities.

Our independence, strong corporate governance, focus on the long term, and client-aligned values drive our business decisions. Our culture emphasises the importance of inclusivity, diverse perspectives, and team-based decision-making. We believe in the business and social value of greater diversity, equity, and inclusion (DEI) in the workplace, and look to further our efforts through intentional processes and initiatives, such as enhancing firm-wide employee engagement and building on our recruiting pipeline.

### Contributors



**Steve Voorhis, CFA**  
Director of Research



**Tory Sims, CFA**  
ESG Integration Analyst



**Sonia Lurie**  
Proxy Manager and Officer

We also strive to be responsible members of the communities in which we operate. Through our sustainability efforts, we aim to reduce our environmental footprint. We also provide financial support to many organisations, in particular those focused on providing youth educational opportunities, assisting families in need, promoting social justice initiatives, and providing global health care services. Furthermore, we facilitate opportunities for our employees to volunteer their time with non-profit organisations that align with their interests.

Our role as stewards of our clients' investment capital is to assess how the companies we invest in manage their businesses. We believe that the financial success for some companies, especially over the next decade, will be linked to their ability to adapt their business models in response to major challenges, such as climate change and cyber security, among many others. We believe companies need strong corporate governance to achieve these goals.

Just as the companies we research need to adapt and respond to today's challenges, we know that we need to continue evolving. Our focus on stewardship enables us to continue to improve both our organisation and our investment capabilities on behalf of our clients. In this paper, we share details of how we integrate ESG factors in our investment process, engage with issuers, exercise our rights and responsibilities (including our proxy voting process and guidelines), and govern our ESG approach.

### How We Integrate ESG Into Our Investment Process

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 value of a company or debt security over our typical three- to five-year investment horizon. We believe identifying and monitoring financially material ESG considerations can help us assess the full picture of risks and opportunities of a particular investment.

#### Our Approach to ESG: Focus on Financial Materiality

We employ a disciplined approach to selecting investments characterised by intensive bottom-up research, strict price discipline, and team decision making (see Figure 1). As part of our equity and fixed income security selection process, we consider ESG factors, along with other factors, to determine

Figure 1. Key Pillars of Our Investment Process



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 environmental and social factors can vary by company, industry, and region.

As value-oriented investors, we seek opportunities that have attractive earnings and cash flow prospects not reflected in a company's current valuation (see Figure 2). We may invest in a company with financially material ESG-related risks if we believe it 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.

Market prices often change more rapidly than fundamentals. Our long-term investment 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. This approach is also well suited to evaluate ESG risks and opportunities since they are more likely to occur over a longer time horizon.

Figure 2. How We Define Investment Opportunity



### 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. Our analysis incorporates an assessment of how financially material ESG factors could affect a 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 (see Figure 3). Our analysts then summarise their research and provide a qualitative overview of the company-specific ESG risks and opportunities they have examined.

Within their reports, our analysts formulate an investment thesis that typically includes three-to-four opportunities and risks that 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 analyst then presents a recommendation to our Investment Committees, which assess portfolio-level risks, including relevant ESG factors, and ultimately decide how to invest our portfolios.

**Figure 3. Dodge & Cox Leverages ESG Data from a Variety of Sources**

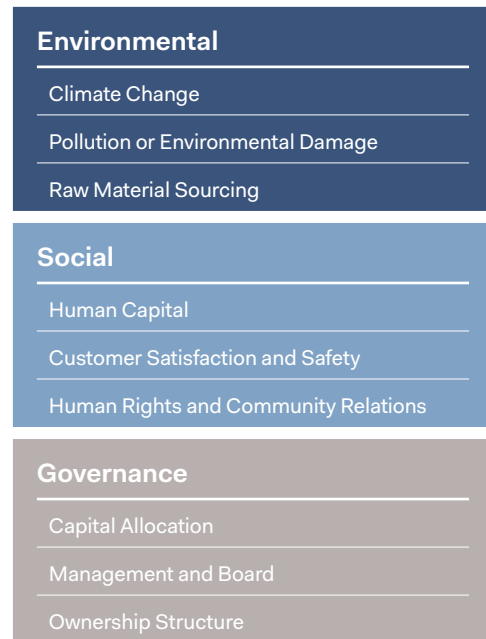
Provider	Description	Date Started
Institutional Shareholder Services (ISS)	Proxy administration and research	2008
Glass Lewis	Proxy research	2009
MSCI	ESG research	2016
Trucost (S&P Global)	Environmental/climate research	2021
Empirical Research Partners	ESG research	2022
Sustainalytics	ESG research	2022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

After selecting an investment, our Investment Committees and analysts actively monitor the price and underlying fundamentals of companies we hold widely across our client and fund accounts. The analyst will recommend adds, trims, or a complete sale of a particular investment if material changes to our investment thesis occur. Consistent with the security selection process, Investment Committees 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. Generally, we intend to invest in a company for several years to allow time for our longer-term investment thesis to play out. As a result, our equity funds have low turnover, so our ongoing evaluation of our current investments is important.

### Examples of ESG Factors We Consider

In 2017, we formalised our analysis of ESG factors by developing a common set of questions each analyst considers as part of their company due diligence. In 2021, we enhanced our ESG Risk Framework (see Appendix) to reflect our most up-to-date thinking, including more explicit considerations about climate change risks. Our analysts assess whether ESG considerations, such as those shown in Figure 4, pose a financially material risk for a given company over our three- to five-year investment time horizon.

**Figure 4. Examples of ESG Factors We Consider**



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

While we do not limit our investment universe based on ESG factors, our assessment of them has contributed to our decision not to invest in a company stock or bond in various instances. Typically, this was due to governance-related concerns, although social and/or environmental factors were also relevant in certain cases.

For example, we chose not to invest in debt issued by a company operating in a regulated industry in a single, small emerging market country with low per-capita gross domestic product, high income inequality, and a history of corruption. Despite having a mostly constructive view of the company's fundamentals, the Investment Committee did not believe we would be adequately compensated for these risks.

### How We Approach ESG Integration for Fixed Income Securities

The relationship between a company and its equity holders is different from its relationship with bondholders, and this is reflected in the way in which our equity and fixed income teams view the financial materiality of ESG factors (see Figure 5). For fixed income investments, a key indicator of financial materiality is whether an ESG factor will affect an issuer's ability to pay back its debt obligations.

## Spotlight on Climate Change and the Transition to a Low Carbon Economy

Our analysts evaluate climate change related risks and opportunities when they have a potential to be financially material to our investment thesis for a company. We evaluate climate-related transition risks, such as imposed regulatory limits on carbon emissions or changes to carbon pricing, and climate-related physical risks, such as wildfires, hurricanes, and sea level rise. We have engaged a data vendor, Trucost (part of S&P Global), to help our analysts better assess climate-related transition risks, in particular the potential future cost of carbon emissions for a given company.

We also evaluate a company's strategies for addressing climate-related risks and opportunities, when relevant to the long-term outcome of the investment. Generally, this includes companies in higher carbon emitting sectors, such as Energy, Materials, Utilities, and Industrials. Our analysis typically includes meeting with company management teams and boards, reviewing third-party research, and assessing net zero commitments where we believe these are likely to have a financially material impact on the company.

Our analysts have also engaged in cross-sector discussions related to the impact of climate change and its implications for companies we hold or would consider including in our investment portfolios.

When we invest in an equity holding, we act in the capacity of a partial owner of the company on behalf of our clients. 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 upside of being paid back the principal and interest on time. In addition, while we can engage with company management teams as a bondholder, we do not typically have the ability to exercise proxy voting rights like equity holders.

Because of these differences, our Credit Research Analysts are highly attuned to potential governance issues when lending money to a company and they put additional emphasis on downside protection. We pay attention to relevant bond covenants, which are bondholder protections, and we may attempt to negotiate stricter covenants where possible. Within our valuation framework, we may also evaluate ESG-linked 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.

Our fixed income portfolios can invest in sovereign bonds, municipal bonds, and securitised products. These asset types present their 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.

Figure 5. Characteristics That Influence the Integration of ESG Factors in Equity and Fixed Income Investments

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

## How We Engage With Issuers

### Engaging Directly with Companies

We believe 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 could impact our investment thesis, we look for opportunities to engage directly with the issuer. With respect to ESG, we engage most often on governance factors, but if we view an environmental or social issue as financially material, we may choose to share our views on those issues as well. Conversely, management teams, investor relations, and company boards may also seek our input on various topics, including ESG issues.

Our long-term holding periods encourage productive relationships with companies. We define engagement as expressing our views to a company or issuer specifically on the ways ESG-related issues could affect the company's ability to generate long-term value or the issuer's ability to meet its debt obligations. When we choose to engage, we aim to improve business practices on ESG-related issues, encourage certain proxy voting outcomes and best practices, or improve public disclosure. We incorporate the company's response to our engagements into our investment decision making and monitoring, as well as in our proxy voting.

### Methods of Engagement

We have multiple avenues for engaging with companies. We estimate that our analysts and Investment Committee members conduct over 1,000 due diligence meetings per year, including meetings with company management teams and boards. In addition, we regularly speak with consultants, a company's competitors, customers, and 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 also decide to engage with a company on what we learn from these conversations with third parties.

Our proxy and governance team may request to engage with an issuer, or an issuer may request a meeting with us, for proxy voting-related discussions. In 2021, our proxy and governance team conducted 66 meetings with 50 different companies, representing over a quarter of our widely-held equity holdings. We track the key takeaways from these meetings and consider these conversations when implementing proxy voting decisions. Our analysts often attend these engagement meetings.

We believe that better outcomes can often be achieved by engaging directly and privately with companies. Thus, we do not typically file shareholder resolutions or join public campaigns unless we believe it would serve the best interests of our clients.

### Escalating Issues

When we decide to engage with a company, we typically find these conversations to be productive and sufficient for us to express our views. We evaluate and assess the potential outcomes of engagements on a case-by-case basis, based on management's actions, reaction to points of conversation, and long-term performance. Because of the long-term view we take on investments, we monitor the issues we have identified at certain companies over an extended period of time. If direct engagement does not result in progress toward our stated objective, we may consider escalating the engagement through additional meetings with management and the board. We may also vote against the election of members of the board or other relevant proposals, or we may formally communicate our views to the company through a letter.

As an active manager, we also have the option to adjust our position in a company if our investment thesis has changed or if we believe the value proposition that we originally identified no longer exists due to certain risks and 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 to a better long-term outcome for the investment.

### How We Exercise Our Rights And Responsibilities

We view exercising our proxy voting rights as an important component of our stewardship responsibilities. We have adopted a detailed [Proxy Voting Policy](#) that contains guidelines to address the majority of proxy matters that commonly arise.

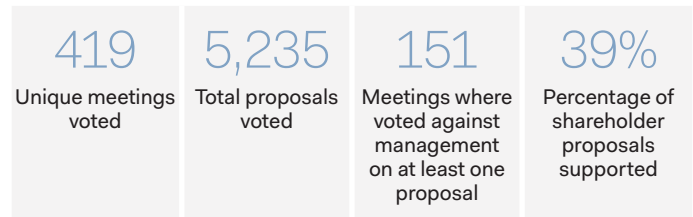
#### Our Proxy Voting Process

We vote proxies according to our [Proxy Voting Policy](#). Our designated Proxy Officer, or delegate, reviews all proxies. Our analysts may also review proxies for the companies they cover when deemed appropriate by the Proxy Officer or delegate.

When items are not covered under our policy, our Proxy Officer, or delegate, works directly with the analyst and a member of our Proxy Policy Committee to perform additional

review. We believe that having multiple individuals review our rationale and voting decisions best serves our clients. A few examples of topics that we consistently review on a case-by-case basis are mergers and acquisitions, golden parachutes, related party transactions, and contested elections. When considering vote decisions, we will vote proxies according to our policy in a way which, in our opinion, best serves the interests of our clients in their capacity as shareholders of a company. Dodge & Cox's 2021 proxy voting activities are summarised below in Figure 6.

**Figure 6. Dodge & Cox's 2021 Proxy Voting Activities**



### How We Use Proxy Research Firms

Dodge & Cox has retained Institutional Shareholder Services (ISS) to administer proxy voting and reporting for our clients. Additionally, for some emerging market companies, we use ISS as a delegate to implement our Proxy Voting Policy. We also may review proxy research from Glass Lewis; however, proxy adviser research only makes up one component of our proxy process. When making proxy voting decisions, we rely on our own Proxy Voting Policy, and our voting decisions are informed by our company discussions and engagements, local market standards, and analysis/input from our proxy and governance team as well as our analysts and Investment Committees. In 2021, we voted against our proxy adviser's (ISS) recommendations approximately 11% of the time.

### Rationale for Votes against Management

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

We keep a record of vote rationales, including rationale for votes against management, votes on shareholder proposals, and proposals that are not covered by our Proxy Voting Policy. Dodge & Cox may vote against a management proposal for various reasons, which may include situations where there is insufficient information on the individual or the nominees is linked to risk oversight or corruption concerns.

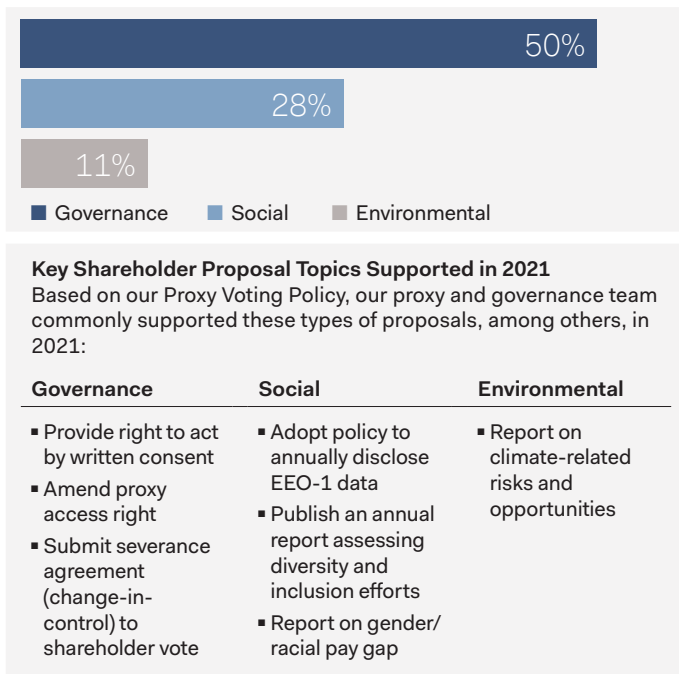
### How We Consider Environmental and Social Proposals

We expect management teams of the companies we own to identify and oversee financially material risks, including environmental and social factors, and to disclose those to shareholders. To the extent not addressed in our Proxy Voting Policy, we will review management and shareholder proposals related to social and environmental issues on a case-by-case basis and will consider supporting proposals that address material issues that we believe will protect and/or enhance the

long-term value of the company. For example, in 2021, we typically supported shareholder proposals requesting information or data that enables us to better assess material financial risks to the company around social and environmental issues such as human capital, climate change, and energy transition.

In 2021, we supported 39% of all resolutions raised by shareholders. Figure 7 breaks down Dodge & Cox’s support levels for ESG proposals in 2021. We disclose all our proxy voting activities for our U.S. mutual funds to the Securities and Exchange Commission (SEC) through our form N-PX as well as on our website on an annual basis. Separate account clients can request proxy voting reports detailing meeting information, proposals on the ballot, and the votes Dodge & Cox has cast for each proposal. We distribute reports on a quarterly or ad hoc basis based on the individual client’s request.

**Figure 7. Shareholder Proposal Support Level by Category in 2021**



**Fixed Income Portfolios**

Fixed income portfolios rarely present proxy voting issues. A comparable situation may arise in the event of a tender offer, which we would evaluate and act upon in what we determine is the best interests of the client. We do, however, review bond covenants for our fixed income investments.

**How We Govern Our ESG Approach**

Our strong governance structure guides our ESG integration and stewardship efforts. Our Director of Research oversees and sets the direction for our ESG integration approach, in collaboration with our Research Policy Council (RPC). RPC is a group of senior investment leaders—including our Chief Executive Officer (CEO), Chief Investment Officer (CIO), Director of Research, Director of Fixed Income, and others—who support the firm’s investment team and long-term resource needs.

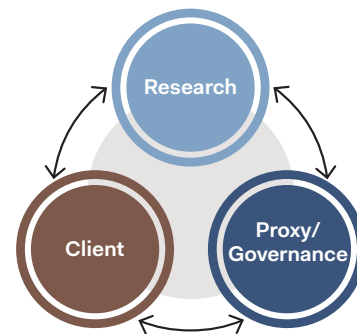
Our analysts across our integrated equity and fixed income investment team are responsible for incorporating financially material ESG factors into their ongoing research and analysis, as well as engaging with companies when we believe a certain issue is significant to our investment thesis. Our team-based investment decision-making process enables us to incorporate a range of perspectives on ESG considerations during our investment process.

At the firm level, our Business Strategy Committee<sup>1</sup> monitors and evaluates opportunities and challenges facing our overall business. The Committee, which includes all members of Dodge & Cox’s Board of Directors and Research Policy Council, as well as other senior business leaders, is responsible for establishing the direction of our ESG practices with support and guidance from our ESG Research Steering, ESG Integration, and Proxy Policy Committees.

**Our Collective Decision Making**

In 2021, we established two ESG-focused Committees that, along with our Proxy Policy Committee, guide our ESG integration, engagement, and proxy voting efforts.

**Figure 8. ESG Governance Structure**



**ESG Research Steering Committee**

Reports to Research Policy Council

**ESG Integration Committee**

Reports to Business Strategy and Joint Client Service Committees

**Proxy Policy Committee**

Reports to Dodge & Cox Funds Board of Trustees

**ESG Research Steering Committee**

Our ESG Research Steering Committee works to formalise and further develop the ways in which we integrate ESG factors in our investment process. This Committee was formed in 2021 in recognition 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. Our Director of Research (Steve Voorhis) leads this Committee, whose members include 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.

### ESG Integration Committee

Our ESG Integration Committee works to understand how the consideration of ESG developments and issues continue to evolve in the asset management industry. We formalised this Committee in 2021 after evaluating ESG issues for several years. Its members collaborate across departments to advance firm-wide ESG initiatives, guide our communication efforts on our ESG integration approach, analyse ESG industry and regulatory trends, and advocate for business enhancements as needed. The Committee reports to our Business Strategy and Joint Client Service<sup>2</sup> Committees and is led by our ESG Integration Analyst, Tory Sims. This Committee includes senior leaders on our Client Services team, as well as our ESG Integration Analyst, ESG Client Portfolio Analyst, and Proxy Officer.

### Proxy Policy Committee

Our Proxy Policy Committee oversees our proxy voting process and policy. This Committee was formed over 15 years ago to annually review our Proxy Voting Policy and update it 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 voting team review key votes and provide a summary of issues and high-profile meetings to the Proxy Policy Committee on an annual basis. When deemed appropriate by the Proxy Officer or delegate, certain proposals may be referred to one or more members of the Proxy Policy Committee for review. The Committee is led by our Proxy Officer, Sonia Lurie, and also consists of our Director of Research, Investment Committee members, Global Industry Analysts, and representatives from our Legal and Compliance teams.

### Our Dedicated ESG Professionals

In addition to our committee structure, Dodge & Cox has five dedicated ESG professionals, including our ESG Integration Analyst, ESG Client Portfolio Analyst, and the three members of our proxy and governance team. We also have many other individuals across the firm who provide input and work on ESG-related initiatives.

### We Continue to Evolve Our ESG Integration Approach

We are committed to ESG integration and stewardship. We believe that we have the governance structure in place to provide oversight and set the direction for our ESG efforts. We continually look for ways to develop effective practices and processes, including conducting interviews with our analysts to gather feedback on our ESG approach and how we can better support their ESG research. Examples of enhancements include reviewing and onboarding new ESG data sources to support our research efforts; revising and updating the framework our investment team uses to evaluate company ESG risks and opportunities; and, expanding ESG-related client reporting on portfolio exposures and carbon emissions. In recognition of the evolving landscape and the need for greater transparency, we continue to explore ways in which we can further enhance our capabilities to meet clients' needs.

### In Closing

At Dodge & Cox, our mission is to help our clients meet their investment goals. To deliver on that mission, we act as stewards of our firm and our clients' capital. Since Dodge & Cox's inception in 1930, we have operated our business based on our strong corporate governance, client-aligned values, and commitment to give back to our community. We continue to enhance our ESG approach in our investment process, how we operate our firm, and how we engage with companies and vote proxies as active managers.

# Appendix

Figure A1. Our ESG Risk Framework<sup>3</sup>

## Environmental

### Climate Change

- Q:** Are there material risks from physical environmental impacts (e.g., wildfires, hurricanes, sea level rise)?
- Q:** Are there material risks from other climate-related transition risks such as imposed regulatory limits on carbon emissions or changes to carbon pricing?

### Pollution or Environmental Damage

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

### Raw Material Sourcing

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

## Social

### Human Capital

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

### Customer Satisfaction and Safety

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

### Human Rights and 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 and Board

- Q:** Are there material risks related to the company's management and their alignment with shareholder interests (e.g., concerns around management remuneration, key performance indicators, conflicts of interest, corruption, or track record)?
- Q:** Are there material risks related to the company's Board (e.g., lack of independence, poor track record, or lack of relevant experience)?

### Ownership Structure

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

## 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?

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. Opinions expressed are subject to change without notice.

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1. Our Business Strategy Committee monitors and evaluates opportunities and challenges to Dodge & Cox's overall business. The Committee reviews financial projections, business line and department reporting, evaluates new product opportunities and business plans, strategic priorities, and resource allocation.
2. Our Joint Client Service Committee oversees and coordinates the firm's client service effort across departments and products. The Committee reviews the use and allocation of internal resources, evaluates the firm's communication efforts, and seeks to identify and understand industry trends that affect our clients.
3. Our analysts use this ESG Risk Framework to evaluate ESG considerations and whether they pose a financially material risk.