

Responsible Investing Policy Statement

Harris Associates L.P.

Introduction

Our assessment of company management and corporate governance has always played a critical role in our investment process. This policy statement formalizes our commitment to integrate material environmental, social and governance (ESG) factors into our investment process.

Investment philosophy

We invest in businesses that we believe are selling at a significant discount to their intrinsic value, that have a clear path to per share value growth and that have management teams that think and act as owners. If a company displays effective governance, then it will usually have a well-considered approach to environmental and social issues. If such matters are well managed, they should lead toward both better corporate performance and improved shareholder value over the long term.

Fully integrated investment process

Company-specific ESG risks and opportunities are identified while a stock is on our research project list, prior to its formal review by Harris' Stock Selection Groups (SSG). For each security under coverage, we carefully assess all material risks and opportunities and weigh those against potential return. We incorporate both financial and non-financial factors, including ESG considerations, into our investment process. We believe no thorough analysis can ignore these issues when material.

Our investment team regularly monitors developments on the regulatory, political and technological fronts for their potential impact to per share value. We evaluate whether robust corporate governance practices are in place for all of our investments. We also consider environmental factors, such as climate change issues, that may materially impact our analysis. Socially, we monitor how well a company is positioned to retain key talent, manage supply chain risk and outperform local product safety and quality regulations, among other metrics. This mosaic of information is used to assess the quality of a business and its ability to sustain per share value growth over the long term. For material ESG considerations, relevant risks and opportunities may be factored into revenue estimates, margin forecasts, the company's cost of capital and terminal multiple to determine the analyst's estimate of intrinsic value.

Escalation of an ESG issue is analyst driven. When there is a material change to intrinsic value or our investment thesis, an analyst will distribute a communication to the entire research department. The note is archived in our internal research database, which is accessible to all of our investment professionals. An analyst can also bring a company for review at Harris' weekly SSG meetings. Ultimately, if an ESG issue materially impacts our perceived value drivers for the company, we will revisit our assessment of intrinsic value and ownership of the name.

We do not look to exclude companies or sectors from our investable universe, but rather to analyze and monitor issues, including ESG factors that may have an impact on long-term financial performance. With client guidance, we can generally tailor separate accounts to incorporate certain client-specific restrictions.

Engaged owners

Throughout our 40-year history, Harris has developed a strong reputation as a long-term, shareholder-oriented investment firm. Our approach leads to excellent management access. We interact directly with company management and boards of directors, when appropriate. Annually, we have more than a thousand management meetings with C-level executives and board members. Our meetings address long-term sustainability issues, such as corporate strategy, capital allocation and shareholder initiatives, which enables us to assess management performance. We discuss management's plans to proactively deal with business risks and opportunities, including ESG issues when relevant, and we urge corporate leaders to provide clear and relevant disclosure of information that may influence our investment decisions.

By the time we decide to invest in a company, we have already concluded that management and the board of directors are likely to act in shareholders' (i.e., our clients') best interests. Once we acquire a stock for our clients, we regularly communicate with management regarding new initiatives and matters affecting the business. Most of the time, these are friendly discussions among professionals who share the same goal – maximizing shareholder value. Occasionally, we have important disagreements that lead to engaging privately with management or the board. Engagement is carried out under the premise that unsatisfactory or insufficient change by the company will generally be met with divestment.

To improve the effectiveness of engagement, Harris may work with collective bodies and other shareholders. Harris accepts the Japan Stewardship Code, which corresponds with our processes and procedures. In accepting the Japanese Stewardship Code, we may periodically send a letter to each of our Japanese holdings describing our expectations of management and returns and requesting that corporate governance be modeled after global best practices. Harris is also a supporter of the principles of good stewardship that are embodied in the U.K. Stewardship Code. And in 2019, Harris became a signatory to the UN Principles for Responsible Investment (UN PRI).

In addition, Harris may, from time to time, have discussions with other institutional investors, where legally permitted and appropriate, regarding various issues concerning a company. Further, Harris may act collectively with other investors if we believe such action is in the best interests of our clients, is likely to enhance our ability to engage with the company and is permitted by applicable law and regulation.

Proxy voting

Harris utilizes proxy voting authority as a means to address crucial corporate governance issues and to encourage corporate actions that enhance shareholder value. We believe proxy voting rights are valuable and an important part of our investment process. We exercise our voting responsibilities with the goal of serving the best interests of our clients as shareholders of a company. Given that we invest in companies where we see management goals and shareholder goals aligned, Harris will vote in accordance with management's recommendations on most issues.

Our voting guidelines address common issues related to boards of directors, auditors, equity-based compensation plans and shareholder rights, among others. When we have concerns about a company in relation to a particular resolution, we may choose not to support the proposal. We do not have a history of frequently proposing shareholder resolutions, but we may opt to support proposals from other investors. To fulfill our stewardship responsibilities, we have engaged Institutional Shareholder Services (ISS), an independent proxy voting service provider to assist in voting proxies. A summary of our [Proxy Voting Guidelines](#) is available on our website.

Reporting

Harris is able to provide clients with an MSCI ESG report discussing the portfolio's exposure to each of the three ESG pillars; this is typically requested on an annual basis. Along with the MSCI ESG Report, Harris can also provide the rationale on why it holds securities that have a CCC rating by MSCI.

Harris retains records of its proxy voting activity for 12 years and, upon request, a client may obtain information from Harris on how its proxies were voted on during this period. Harris also discloses how proxies were voted on in accordance with applicable law.

In addition, Harris is able to provide an engagement report that provides detailed examples of private engagements and the proxy voting record for the strategy/fund over the requested period.