

**HIGHFIELDS INC. EMPLOYEE DEFERRED
COMPENSATION PLAN**

**REPORT ON FINANCIAL STATEMENTS
(with supplemental schedule)**

YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator of
Highfields Inc. Employee Deferred Compensation Plan

Report on the Financial Statements

We have audited the accompanying financial statements of Highfields Inc. Employee Deferred Compensation Plan, which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Highfields Inc. Employee Deferred Compensation Plan as of December 31, 2020 **and** 2019, and the changes in net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets held for investment purposes at end of year, referred to as “supplemental information”, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan’s management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Maney Costeiran PC

July 30, 2021

**HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Investments at fair value		
Mutual funds	\$ 2,494,217	\$ 2,395,622
Collective trusts	35,897	35,896
	2,530,114	2,431,518
Receivables		
Notes receivable from participants	53,294	18,509
Employee contributions receivable	4,890	-
Total receivables	58,184	18,509
NET ASSETS AVAILABLE FOR BENEFITS	\$ 2,588,298	\$ 2,450,027

See notes to financial statements.

**HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

ADDITIONS TO NET ASSETS	<u>2020</u>	<u>2019</u>
Investment income		
Net appreciation in fair value of investments	\$ 325,239	\$ 375,371
Interest and dividends	93,756	104,404
	<u>418,995</u>	<u>479,775</u>
Contributions		
Participants	140,830	151,851
Other (including rollovers)	1,437	-
	<u>142,267</u>	<u>151,851</u>
	<u>561,262</u>	<u>631,626</u>
TOTAL ADDITIONS TO NET ASSETS		
DEDUCTIONS FROM NET ASSETS		
Benefits paid to participants	406,889	443,415
Administrative expenses	16,102	16,637
	<u>422,991</u>	<u>460,052</u>
	<u>138,271</u>	<u>171,574</u>
NET INCREASE		
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>2,450,027</u>	<u>2,278,453</u>
End of year	<u>\$ 2,588,298</u>	<u>\$ 2,450,027</u>

See notes to financial statements.

HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN

The following brief description of the Highfields Inc. Employee Deferred Compensation Plan (the Plan) is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the plan provisions.

General

The Plan is a defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code covering substantially all employees of Highfields Inc. (the Company or the Employer) who have one year of service (1,000 hours in a relevant 12 month counting period) and are age 21 or older. Entry dates into the Plan occur on a quarterly basis. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year a participant may contribute via salary deferral up to 100% of annual pretax compensation as defined in the Plan, subject to certain limitations under the Internal Revenue Code. Participants who have attained age 50 before the close of the plan year shall be eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollovers). The Plan received \$435 and \$0 in rollover contributions during 2020 and 2019, respectively. Participants may designate a portion of their salary deferral as Roth contributions which are made on an after-tax basis. No after-tax contributions, other than Roth contributions, to the Plan are permitted.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contributions (when applicable), (b) plan investment earnings, and (c) administrative expenses. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions and safe harbor matching contributions. Discretionary profit-sharing amounts, if any, are based on years of continuous service. A participant shall be vested in these amounts on a schedule from 0% for the first 2 years of service to 100% after 3 years' service.

Forfeitures

At December 31, 2020 and 2019, forfeited non-vested accounts totaled \$435 and \$15, respectively. Forfeitures may first be used to pay administrative expenses of the Plan and to restore previously forfeited amounts to reemployed participants, if any. Any remaining forfeitures will be used to reduce employer contributions for the plan year. During December 31, 2020 and 2019, \$0 of forfeitures were used.

**HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF THE PLAN (continued)

Hardship Withdrawals

A participant may elect to withdraw the balance of their account attributable to their salary reduction election and earnings attributable to those contributions, provided such withdrawal is to meet their immediate and significant financial needs. Effective April 1, 2020, the rules for hardship distributions were amended to follow the guidance of the SECURE Act.

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant will receive benefits in the form of a single life annuity for their life, or spouse in the case of death. If a qualified election is filed with the plan administrator, benefits may take the form of a lump sum payment, installment payments over a number of years, and other forms of benefits as defined in the plan document. Upon attaining normal retirement age (age 59.5 and the completion of five years of service), participants may elect to have their vested account balance distributed while still employed.

Notes Receivable from Participants

Participants may borrow from their vested fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account. The loan interest rate, determined quarterly, is set at 1% above the prime rate, as defined. Principal and interest is paid ratably through monthly payroll deductions.

CARES Act

As of April 3, 2020, the Plan allowed for relief as outlined by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Participants impacted by COVID-19 may take coronavirus-related distributions before December 31, 2020 of up to \$100,000 without the 10% early withdrawal tax penalty. Impacted participants may also take a coronavirus-related loan from March 27, 2020 to September 22, 2020 of up to \$100,000 or 100% of the participants vested account balance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2020 and 2019. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Certain administrative expenses of the Plan are paid by the Company. Expenses that are paid by the Company are excluded from these financial statements.

Subsequent Events

The Plan evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through July 30, 2021 which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

During 2020 and 2019, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ 324,419	\$ 374,394
Collective trusts	820	977
	<u>\$ 325,239</u>	<u>\$ 375,371</u>

HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Collective Trusts: Valued at the net asset value (NAV) of units of a collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay the withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2020 and 2019.

Assets at fair values as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,494,217	\$ -	\$ -	\$ 2,494,217
Total assets in the fair value hierarchy	<u>\$ 2,494,217</u>	<u>\$ -</u>	<u>\$ -</u>	2,494,217
Collective trusts, at net asset value				<u>35,897</u>
Total investments, at fair value				<u>\$ 2,530,114</u>

Assets at fair values as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,395,622	\$ -	\$ -	\$ 2,395,622
Total assets in the fair value hierarchy	<u>\$ 2,395,622</u>	<u>\$ -</u>	<u>\$ -</u>	2,395,622
Collective trusts, at net asset value				<u>35,896</u>
Total investments, at fair value				<u>\$ 2,431,518</u>

Fair Value of Investments in Entities that Use NAV

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2020 and 2019.

<u>December 31, 2020</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Reliance MetLife GAC Series	\$ 35,897	None	Daily	None
<u>December 31, 2019</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Reliance MetLife GAC Series	\$ 35,896	None	Daily	None

**HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to amend or terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

NOTE 6 - INCOME TAX STATUS

The Company adopted a prototype, volume submitter agreement from Foster Swift, which received a favorable opinion letter from the Internal Revenue Service (IRS). Although the Plan has been amended, the Company believes the Plan currently is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and, therefore, believes that the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2018.

NOTE 7 - RELATED PARTY TRANSACTIONS

Certain administrative expenses of the Plan are paid directly by the plan sponsor and are not charged to the Plan.

NOTE 8 - RISKS AND UNCERTANTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

SUPPLEMENTAL SCHEDULE

HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
EIN: 38-6099698, PN:002, FORM 5500, SCHEDULE H, LINE 4I
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
DECEMBER 31, 2020

(a)	(b) Identity of Issuer	(c) Description	(d) Cost	(e) Current Value
	American Funds	American Funds 2010 Target Date Fund R6	N/R	\$ 89,505
	American Funds	American Funds 2015 Target Date Fund R6	N/R	177,299
	American Funds	American Funds 2020 Target Date Fund R6	N/R	59,824
	American Funds	American Funds 2025 Target Date Fund R6	N/R	24,025
	American Funds	American Funds 2030 Target Date Fund R6	N/R	143,836
	American Funds	American Funds 2035 Target Date Fund R6	N/R	185,861
	American Funds	American Funds 2040 Target Date Fund R6	N/R	81,443
	American Funds	American Funds 2045 Target Date Fund R6	N/R	25,679
	American Funds	American Funds 2050 Target Date Fund R6	N/R	109,941
	American Funds	American Funds 2055 Target Date Fund R6	N/R	6,969
	American Funds	American Funds 2060 Target Date Fund R6	N/R	8,283
	American Funds	American Funds American Balanced R6	N/R	1,518
	American Funds	American Funds Capital World Bond R6	N/R	21,921
	American Funds	American Funds Europacific GR R6	N/R	110,407
	American Funds	American Funds Income Fund of Amer R6	N/R	12,035
	American Funds	American Funds Inflation Linked Bd RD R6	N/R	22,732
	American Funds	American Funds SmallCap World R6	N/R	2,009
	American Funds	American Funds Washington Mutual R6	N/R	186,790
	American Funds	Blackrock Technology Opportunities Insti	N/R	118,245
	American Funds	DFA International Small Company I	N/R	53,850
	American Funds	DFA Real Estate Securities I	N/R	62,271
	American Funds	DFA US Targeted Value I	N/R	60,950
	American Funds	Federated Instl High Yield Bond R6	N/R	20,597
	American Funds	Goldman Sachs Emerging Market Debt I	N/R	21,323
	American Funds	Goldman Sachs Emerging Mkts Eqty Instl	N/R	109,472
	American Funds	Hardford MidCap R6	N/R	93,634
	American Funds	Janus Henderson Triton N	N/R	83,911
	American Funds	Lord Abbett Floating Rate R6	N/R	25,952
	American Funds	US Govt Money Market R6	N/R	390
	American Funds	Vanguard 500 Index Fund - Admiral	N/R	10,945
	AllianzGI	Mid-Cape Value Instl	N/R	80,472
	Blackrock	Event Driven Equity	N/R	35,144
	Dodge & Cox	International Stock	N/R	84,236
	Fidelity	Fidelity Advisor Health Care Z	N/R	58,598
	Fidelity	Fidelity Adv Total Bond Z	N/R	27,702
	Fidelity	Blue Chip Growth Fund	N/R	276,448
				<u>2,494,217</u>
	MetLife	Collective trusts		35,897
*	Participants	Notes receivable, interest at 4.25% -6.50% due 2023 to 2025		<u>53,294</u>
				<u>\$ 2,583,408</u>

* - Denotes party-in-interest to the Plan
N/R - Not required, all funds are participant directed