Oldfield Partners

2023 UK Stewardship Code

Principle 1 – Signatories' purpose, investment beliefs, strategy, and culture enabling stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Oldfield Partners LLP (OP) is an investment firm dedicated solely to equity investment in a classic contrarian value style. The firm is small, private and quiet and consists of 24 people, of which 12 are partners. The firm is majority-owned by the executive partners with significant co-investment in the funds we manage alongside our clients, reinforcing our alignment with them. Our culture is summed up in a few words: collaborative, supportive, founded on intellectual curiosity and focused on long-term results and long-term partnerships with clients. We have brought together an experienced, cohesive team who share a common philosophical commitment to patient, contrarian, value investing. The firm is highly collegiate, and the culture and values instilled by the four founding partners in 2005 remain as relevant today.

At Oldfield Partners we believe that buying out-of-favour stocks at healthy discounts to their intrinsic worth will deliver a superior return above inflation, and the wider market, over the long run. Our classic contrarian value investment philosophy traces its roots back to Ben Graham and David Dodd, with some of the refinements introduced by the likes of Warren Buffett and Sir John Templeton. A classic value investor should harness both their deep analytical skills and common sense to disaggregate the statistically cheap from the potential 'bargains' – those stocks that are lowly valued and trading at a discount to our view of their intrinsic worth or value. We establish the intrinsic worth of a company through our own empirical analysis and understanding of a company's underlying business, the industry it operates within and its strategic position together with our views on its sustainable growth or recovery prospects. We seek to make investments in businesses that trade below their long-term history and below their fair values implied by their assets, growth and returns on capital where there is a poor market sentiment towards the company. For our investment approach to deliver long-term returns in excess of the MSCI World, we build portfolios that look very different from the index. This requires a disciplined approach to valuation methodology which is consistently applied during market cycles, with a clear valuation-driven buy and sell discipline.

Our culture creates the right environment to promote independent thought and careful consideration in this search for investment 'bargains'. We are based in Belgravia, where we are intentionally apart, both geographically and emotionally, from the noise of the City. Large firms and peer pressures can incentivise overactive, short-termism. We believe a small firm with strong and clear individual accountability supports a longer-term investment horizon. We believe this creates greater alignment with the longer-term requirements of our clients and provides stable capital to support the building of a sustainable economy that takes greater account for the needs of the environment and society.

In recent years, we have intentionally sought to increase diversity across the firm, with a particular focus on investment and leadership. Whilst there is room for improvement, at the time of writing, our investment team is 20 percent female, 20 percent are of an ethnic minority, and collectively there are 6 languages spoken. We believe increasing diversity allows us to better reflect the clients that we serve, as well as the interests of society at large. To allow diverse views to be brought to bear, we continue to foster a culture of inclusion. Investment team meetings are actively chaired, participants are encouraged to contribute consecutively, and engagement with humility and respect are emphasised. With an objective of creating

psychological safety, staff turnover since founding has been minimal, at an average of 7 percent per annum.

As of 31st December 2023, total firm assets under management were around $2.5bn, across a combination of segregated mandates and pooled vehicles. The firm has 130 clients including families, high net worth individuals, pension funds, endowments, and charities. Our client base is predominantly based in the UK, and the remainder in North America and EMEA, which is illustrated below:

Assets under management

Region	No. of investors	US$m
Americas	26	710
EMEA	12	177
UK	92	1,592
Total	130	2,479

Type	No. of investors	US$m
Charities & Endowments	20	663
Families & Individuals	67	195
Pension Funds	7	1,478
Other institutional	36	142
Total	130	2,479

Source: OP. Date: As at 31st December 2023.

Because of our unambiguous value strategy, we ensure that our clients are clear from the outset on our approach to investing and our goal of delivering superior returns over the long run. In the same way that we seek out companies with management who we believe in, and can support over the long-term, we encourage clients who search for similar qualities in their investment managers. This is an intentional part of our strategy. With the view that transparency and clear management of expectations support stable capital and long-term value creation, we maintain a regular dialogue with our clients to ensure we are continuing to meet their needs. A more detailed description of this can be found in Principle 6.

We focus on our own fundamental research of individual companies generated by our experienced team. In constructing portfolios, we ignore index weightings and start with a blank sheet of paper, seeking individual stock ideas to create focussed yet diversified portfolios. We take a long-term view and have low levels of turnover. Our global portfolios are concentrated, with generally between 20 and 30 holdings, and this concentration necessitates a thorough knowledge of each holding.

We consider it an important part of company analysis to assess corporate governance, as well as the management of social and environmental issues. This forms part of our risk assessment

of business fundamentals. We believe that ignoring ESG factors leads to an incomplete understanding of the risks to an investment case and may consequently result in the wrong investment decisions. Indeed, we believe that successful integration of ESG factors can contribute positively to the risk-adjusted returns achieved by the investments we make on our clients' behalf. ESG-related issues can provide us with investment opportunities where we see an improvement in such issues playing a role in the recovery in the results and perceptions of a company and its share price.

Our starting point is not to exclude any particular sectors or countries unless excluded in individual managed accounts by the client concerned. However, we do avoid companies about which we have serious governance concerns, unless it is clear that such concerns have been, or are being dealt with by management, and any shortcomings have been addressed. All key investment research notes have a dedicated ESG section where investment analysts identify those ESG factors most material to the investment thesis. This will be debated by the investment team as part of the risk analysis of a business.

Once we become shareholders, it is our responsibility to engage on these material issues where appropriate. We believe responsible ownership is a necessary part of our fiduciary duty. While the focus of our engagement efforts is on the ESG issues which we deem to be most material to the investment thesis, we also believe it is our responsibility to monitor new or existing ESG controversies and assess whether these issues should be escalated to engagement.

The investment team takes the lead on ESG analysis and engagement, supported by our Responsible Investment Lead. Given the high conviction, in-depth nature of our approach, we believe this is an advantage as it helps to provide a nuanced understanding of ESG risk on an individual company basis. It promotes a focus on issues of greatest materiality and creates a consistent narrative between the investment thesis and the subsequent approach to proxy voting and company engagement.

The team's progress is monitored by our Stewardship Committee, a six-person committee which is chaired by the Responsible Investment Lead and attended by the Managing Partner (CIO) and representatives from investment and client relations. The committee has several objectives, including monitoring the progress of our stewardship efforts, providing oversight. The committee will sometimes challenge the materiality rating, or the method and process of engagement. We detail their role further in Principle 2.

In previous submissions, we have highlighted climate change as a key ESG consideration. We are committed to playing our part in lowering harmful emissions and we believe we can have the biggest impact by engaging with the companies in which we invest to reduce their carbon footprint over time. We develop our approach, along with examples to illustrate this, throughout the submission. We extend our commitment to the operations of our firm and we measure and monitor our total carbon footprint on an annual basis and offset this each year through our relationship with Climate Partner. More information can be found here.

As well as being the right thing to do, we believe that reducing our carbon footprint where possible and offsetting where this is not, creates a culture of awareness, accountability, and alignment with the expectations that we set for portfolio companies. Our greatest impact however is through the investments that we make on behalf of our clients, and here we are publicly committed to achieving net zero emissions by 2050. As a value investor, we are today exposed to industries whose decarbonisation play a critical role in the energy transition. Our role as an active owner through voting and engagement, is therefore an important part of our approach and value add for clients.

In recent years we have joined industry groups in support of our objectives. The Institutional Investors Group on Climate Change (IIGCC) is an example of this, and in 2022 we deepened our engagement with them to better understand the Net Zero Asset Managers initiative (NZAM) which they oversee. Following discussions, we joined the initiative in January 2023. We adopted an engagement threshold target which encourages engagement with our investee companies whilst also providing goals to ensure progress is made in a timely way. Our commitment applies initially to our Global equity strategy which accounts for around 75 percent of our assets under management. It includes our position today, as well as two formal interim targets which we outline here:

1. Today at least 70% of our financed emissions in material sectors will be either aligned* to or achieving net zero, otherwise they will be subject to engagement.
2. By 2030 this number will increase to 90%.
3. By 2040 100% of our pledged assets will be aligned to or achieving net zero.

*Companies aligned to net zero are those with comprehensive science-based targets and ideally those with third party oversight such as verification by the Science Based Targets initiative (SBTi). Where companies have not set a verified SBTi target, we follow the NZIF alignment criteria to determine their alignment.

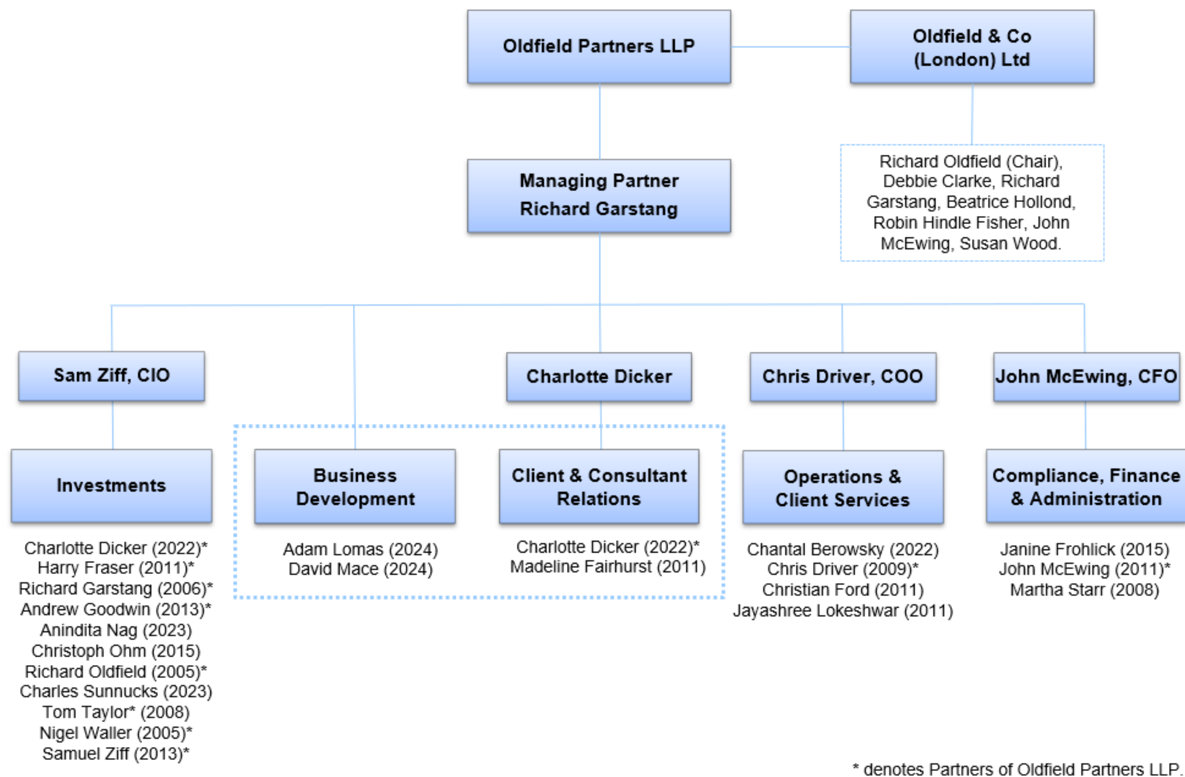
In addition to an engagement threshold target, we have adopted a portfolio coverage target through which we commit that 50% of portfolio names will be aligned to a net zero pathway by 2030.

NZAM represents an additional public commitment to our ambitions alongside a recognisable framework to track progress against, and targets to hold us to account. As an investor, it provides us with focus, as well as an additional network for collaboration. As expressed, it formalises our ongoing commitment to working with companies held by the strategy in support of their decarbonising, in a manner that is consistent with the Paris goals. Specifically, the portfolio coverage target guides us to be consistent with delivering a fair share of the 50% global reduction in CO2 emissions by 2030. Furthermore, our portfolio coverage target and engagement threshold together, are derived from the Net Zero Investment Framework (NZIF) methodology, and have been designed to align with the IPCC special report on global warming of 1.5°C P1 scenario. We believe this is in the best interests of investors, addressing risks for those firms threatened by change, but also presenting opportunities where improvements are being delivered.

It is obvious to us that to achieve net zero, investors and Governments must work together to ensure an effective policy, compliance and incentive framework. As a small firm, our ability to influence policy on a standalone basis is more limited and therefore in recent years we have been signatories to the Investor Agenda, extending our public position on net zero into the public policy advocacy area, urging Governments to strengthen their targets including 2030 interim targets, as well as ensuring domestic policies support this.

We recognise that our approach to stewardship often takes time to deliver conclusive outcomes. However, as value investors we believe a patient, yet persistent approach is more likely to deliver meaningful change, and therefore superior returns for our clients over the long run. We continue to foster a culture and environment that allows us to avoid market noise and short-term thinking. In this way we are able to take a longer-term view that creates stronger alignment with the investment horizon of our clients, as well as the timeframe to create meaningful change, for benefits for the economy, environment and society.

Principle 2 – Signatories' governance, resources and incentives support stewardship.



Oldfield Partners is a limited liability partnership and operates as the regulated entity. The firm is majority-owned and controlled by its executive partners and also enjoys the support of a small number of external shareholders. The firm is run by its partners who meet quarterly to review all aspects of business. At the time of writing, day-to-day management is overseen by the Management Committee that consists of four partners, Chris Driver (Chief Operating Officer), John McEwing (Chief Financial Officer), Charlotte Dicker (Head of Client Relations & Responsible Investment) and Richard Garstang (Managing Partner). The Committee is chaired by Chris Driver. The firm and its partners are also supported by the majority-independent board of Oldfield & Co. (London) Ltd, the corporate member and parent of Oldfield Partners LLP through which the external shareholders hold their interests.

The above organisational chart illustrates this set-up as at the time of submission in October 2024. The board of OC meets quarterly to review the same information reviewed by the partners and in an enhancement to our oversight, this now as standard includes detail related to our SFDR Article 8 requirements including stewardship, as well as OP's activity in relation to the broader ESG regulatory environment. We document our evolution to Article 8 in more detail in Principle 5. Another key element of our governance structure is the firm's Remuneration Committee, which is formed of members of the OC board and Richard Oldfield, Partner of Oldfield Partners LLP.

The firm has working committees which support stewardship and related activities. Each of these is chaired by a partner and brings together partners and employees, intentionally from different areas of the business. The committees cover Stewardship and Charity (for the management of OP's charitable giving). A more recent change has been the evolution of the Diversity and Inclusion committee which previously met for the monitoring and coordination of the firm's diversity agenda, including our diversity-related community outreach work and interaction with the Diversity Project. These responsibilities have now been absorbed by the

Management Committee to ensure that this is considered at the highest level and in day-to-day decision making.

As we described under Principle 1, the investment team takes the lead on ESG analysis and engagement, supported by our Responsible Investment Lead. Given the high conviction, in-depth nature of our approach, we believe this is an advantage as it helps to provide a nuanced understanding of ESG risk on an individual company basis. It promotes a focus on issues of greatest materiality and creates a consistent narrative between the investment thesis and the subsequent approach to proxy voting and company engagement. With an average of 21 years in the industry at the time of writing, our investment team bring significant experience in both fundamental research and associated engagement with companies.

To reinforce our stewardship efforts, the team's progress is monitored by our Stewardship Committee. As mentioned, the Stewardship Committee is comprised of members of the investment and client relations teams. We aim to bring together different perspectives, team backgrounds and levels of seniority, to ensure a balanced discussion. From an investment perspective, the committee brings together both generalist experience and Emerging Market specialisation. Senior figures are well represented on the committee including attendance by the Managing Partner.

The committee monitors the progress of engagement efforts providing oversight. The committee will sometimes challenge the method and process of engagement, as well as materiality classification. The committee also meets to set firm wide ESG objectives and share best practices, both internally with the investment team and publicly through engagement reports and thought pieces. The minutes of committee meetings are distributed within the firm to ensure transparency and allow for anyone to contribute or challenge, as required.

We believe this structure enables oversight and accountability for effective stewardship and we believe the dedicated ESG resource has strengthened this by forming stronger links between regulatory frameworks, industry best practice, priorities of our clients and our quarterly discussions. Additional external oversight is supplied by our Fund Board who now meet with the Responsible Investment Lead on a quarterly basis to receive a formal update on our priorities and progress.

Incentivisation of Stewardship

Each member of the investment team is paid either an annual salary (employees) or an amount equivalent to an annual salary (partners) and is eligible for a discretionary bonus. The discretionary bonus is decided by the Remuneration Committee. The Remuneration Committee takes input from the annual appraisal process including the outcome of an ESG specific discussion which is further outlined below.

The appraisal process is performed annually with objectives set for each individual at the beginning of each year. For investment professionals this includes performance of any funds they may manage, the performance of any investment stock idea recommendations made whether they were invested in or not (both performance metrics are assessed over short and long-term periods), the quantity and quality of the investment notes written including their adherence and contribution towards ESG integration, the contribution to the investment debate, their contribution towards marketing and client relations as well as more general contributions to the firm.

The appraisal process involves the completion of a self-assessment by each member of the team against the objectives set. The ESG objectives include the assessment of ESG-related issues when considering investment ideas and the progress made each year in engagement with companies on ESG issues. The Chief Investment Officer will review and discuss

questions such as "how well do you think you did last year on integrating ESG into your work and your notes, and how well did you express your opinion in your notes on ESG matters?".

Investments in ESG Data and Services

To pursue our ESG approach we have invested in a number of providers including MSCI ESG Research and MSCI ESG Controversies service, and we employ ISS to facilitate proxy voting. We outline below the way in which third party systems support our research and stewardship activities. In Principle 8, we expand on our activity to monitor and hold service providers to account, to ensure they continue to deliver on our requirements.

For ESG and controversies data, each member of the investment team has access to MSCI ESG reports at an industry and company level. These reports cover a wide array of ESG factors, including corporate governance & behaviour, corruption & instability, biodiversity & land use, carbon emissions, community relations, health & safety, and toxic emissions & waste. These reports are used as a starting point for the investment team's analysis and to make their proprietary assessment.

We are highly sceptical of assessing the ESG fundamentals of a company based solely on the rating ascribed to it. These ratings are backward looking and there is usually a significant lag between changes in a company's fundamentals, and a corresponding change in the ESG rating. We are also conscious that the rating system itself can only be as good as the underlying data available. In situations where our own assessment of material ESG issues diverges meaningfully from that of an MSCI report, we will often contact MSCI to gain a more detailed understanding of this difference in views.

The highly concentrated nature of our strategy allows us to undertake our own engagements. We employ the services of MSCI to alert us to any controversies specific to the companies we are invested in. However, we do not rely on their engagement services. These providers complement our engagement efforts by supporting our research, not for outsourcing purposes.

It is OP's policy to vote all shares where we are entitled to do so. OP employs the services of Institutional Shareholder Services (ISS) to manage the voting of proxies and assist our decision-making. Proxy voting is a valuable mechanism that enables us to provide feedback to company management. Our starting point is one of collaboration. On material issues, where we differ from management's recommendation, we look to engage with the company on the matter. Voting against management is typically used as part of an escalation strategy. Where we perceive the vote to be meaningful, we ensure we provide feedback to the company on our rationale. Supported by the concentrated nature of our strategies, we adopt this case-by-case approach across environmental, social and governance considerations. The main analyst leads on voting recommendations with the investment thesis and additional engagement activity in mind. Therefore, whilst ISS provide analysis and voting recommendations for each proposal, where there are company-specific factors which lead us to take a different view, we vote accordingly. Our quarterly stewardship reports document our proxy voting activity, as well as company engagements; these are distributed to clients and made publicly available on our website.

Diversity, Equity & Inclusion (DE&I)

As documented above, the firm's DE&I efforts are now overseen by the Management Committee. As a firm we are members of the Diversity Project which helps to shape our approach, keeping us informed of the direction of the industry and its evolving priorities. Each quarter we attend a session specific to smaller firms which allows us to share ideas and learn from our peers.

Within the wider community, our work is overseen by the Charity Committee which is comprised of partners and staff from across the firm. We encourage submissions from staff where they are actively involved in a charity, including ad hoc fundraising events in which the member of staff is participating. This means that in addition to our long-term charity relationships, we can reach a variety of charitable causes championed by our staff as well as supporting charitable causes associated with the local communities where we work.

In response to the increasing prioritisation of social mobility within our industry, in 2023 we partnered with Resurgo Trust. Resurgo believe that each young person has huge potential, no matter what barriers to employment they face. Their Spear programme helps trainees realise this potential, by coaching them with the mindset and skills they need to both get into work, and thrive once they're there.

Resurgo's work supports social mobility ambitions, helping to balance the constraints that we experience as a small firm, with no graduate or intern intake and limited ability to collect socioeconomic data today. For example, 42% of enrolled trainees received free school meals – this is one of the measurement criteria outlined by the Diversity Project. As part of our sponsorship, we hosted a company visit, as well as visiting the training centre to carry out mock interviews with the group. In this small way we aim to support our objectives in the local community.

Principle 3 – Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

We seek to act in the best interests of clients at all times and we maintain a conflicts of interest policy in accordance with regulatory guidelines. Our policy ensures that procedures are in place to identify, manage and document any conflicts that arise in the course of business. The policy is reviewed annually and is publicly disclosed on the firm's website.

On a quarterly basis all staff are required to confirm that they have escalated any potential conflicts of interest that may have arisen, and not previously been declared. In addition, quarterly declarations are made by staff on employee conflict areas such as outside business interests, personal account dealing, political contributions, gifts and entertainment as well as receipt of material non-public information. Any concerns arising from these declarations that require escalation are included in the quarterly reports provided to the executive partners and board of the firm. Annual training is provided to all staff on policies the firm has in place to manage conflicts of interest and includes discussion of pertinent regulatory development as well as enforcement cases from which the industry can learn. The Firm keeps a register of potential conflict areas and mitigating controls the Firm has in place to manage such conflicts.

There were no conflicts raised during the course of 2023. Due to the small size of our firm, the close relationships that we maintain with clients, and the concentrated nature of our funds, the frequency with which these conflicts arise are limited. We have however given further consideration to specific roles held by partners of the firm on our fund boards as a potential area of conflict, and provide a case study below.

A partner and member of the management committee also serves as a fund director on the board of two of our Irish funds where Oldfield Partners acts as the investment manager. In addition, a second partner and member of the management committee sits on the fund board of our US based funds. In both scenarios, OP recognises the potential conflict, with the possibility that this could expose the fund board to the risk of being unduly influenced. In both scenarios, there are however at least two other independent fund board directors, which mitigates the risk, and the representative of OP does not have additional voting rights. The independent fund directors are not remunerated directly by OP, which we believe reinforces the level of independence they are able to exert in their respective positions.

As it relates specifically to serving the best interests of clients and beneficiaries, with regards to our approach to stewardship, we highlight below areas of particular relevance that we monitor:

Potential Conflict	A transaction is executed in securities where the firm, or a member of staff is contemporaneously trading or has traded on its/their own account or has either a long or short position.	**Management of Conflict**	We have a comprehensive personal account trading policy. Members of the firm are encouraged to invest in the firm's own funds but are also free to invest in third party funds, listed investment trusts and exchange-traded funds. The policy however precludes new investment by members of the firm in the shares of individual companies except under exceptional circumstances with special permission from the Chief Investment Officer. Permission will not be granted if the shares are held in, or are being considered for holding in, clients' portfolios. The policy requires advance written approval for personal trades, by a member of the management committee and the compliance officer. Records of personal trades are examined by the partners and the board.
Potential Conflict	Individuals at the firm are influenced to select or maintain a business relationship with a supplier or service provider, other than for reasons that are beneficial for the firm or our clients.	**Management of Conflict**	In order to support our independence in our day-to-day interactions with suppliers of goods and services, there is a rigorous entertainment policy which requires permission for, and recording of, all entertainment in excess of £150. The records are included in quarterly partner and board papers. Entertainment of the firm's members is allowed only where such entertainment is conducive to business discussion. A recipient of such entertainment must provide a written report after such events explaining how it was beneficial for our clients.

Potential Conflict		Management of Conflict	
Potential Conflict	Voting shares where OP has a business relationship with the investee company. An employee has a financial or non-financial interest in a company we engage with. This could give rise to the possibility of the Firm not acting or voting in the best interests of its clients.	**Management of Conflict**	All employees are required to disclose their outside business interests upon joining and thereafter prior to their being appointed to an external position, whether this is financial or non-financial. All staff must seek permission before taking executive or advisory roles elsewhere. This conflict is currently lessened as none of our staff are directors of investee companies nor are any of our clients' public companies that issue securities. In this way we maintain an independent approach to company voting and engagement, avoiding any potential conflicts of interest. To uphold our Stewardship of the companies we engage, we are unlikely to allow an employee to have a financial or non-financial interest in a company we engage with or invest in. Similarly, the Firm itself will not look to have interests in the companies we engage with, outside of our portfolio management activities. Upon joining the Firm, and annually thereafter, all staff are required to complete and sign a questionnaire disclosing all reportable outside affiliations. Staff have an ongoing obligation to report and obtain approval for any new outside affiliation and any change in status with respect to a previously approved affiliation.
Potential Conflict	Aggregation and allocation conflicts between clients of a firm, such as one client's trades executed before another's when dealing in the same financial instrument or unfair allocation.	**Management of Conflict**	All portfolios within a single strategy are essentially identical. All clients within the same strategy trade together except where individual clients have inflows or outflows. From time to time, such flows can give rise to opportunities to reduce market impact and improve the prices achieved on

			transactions that can be crossed at mid prices but only where both clients allow such crossing. Cross-transaction between the two clients' portfolios can be to the advantage of each client. Such cross-transactions require approval by the compliance officer and are noted in reports to the partners and the board. There is often an overlap of holdings and potential holdings between the different strategies. Whenever a portfolio manager wants to place an order, he or she must notify the whole investment team to provide the opportunity for any other manager within the team to participate in the trade, thus ensuring that all accounts are traded at the same time.
Potential Conflict	Split Voting.	**Management of Conflict**	When voting on companies held in more than one fund, if there are differing views, portfolio managers act independently, voting their portion of shares held. Although this rarely occurs, we believe this allows each portfolio manager to act in the best interests of their clients, reflecting their investment thesis and approach or activity with management. To date, we have not received any interest in adopting specific voting instructions from individual fund clients. Should this change, we are willing to engage in the discussion and believe that we do have the infrastructure to allow for this to be reflected.

Principle 4 – Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

As described, our investment philosophy is based on contrarian bottom-up stock selection. We are not driven by top-down macro analysis, but do consider this as a part of understanding

the fundamentals of the individual companies we invest in. As already noted, the Stewardship Committee meets regularly to set firm wide ESG objectives and share best practices. Identifying and discussing market-wide and systemic risks forms a part of this process.

Climate change remains key to these discussions. We are committed to playing our part in lowering harmful emissions by engaging with the companies in which we invest to reduce their carbon footprint over time. To support this, we remain signatories of Climate Action 100+, the Institutional Investor Group on Climate Change (IIGCC), and more recently the Net Zero Asset Managers initiative (NZAM). As already described, we include a dedicated assessment of climate related transition risks in all key research notes. In a case where climate related risk is deemed material, the analyst will undertake a more detailed analysis, often leveraging the TCFD framework. This will then be debated by the investment team as part of the risk analysis of a business.

As a Value manager we can be invested in sectors such as energy and aviation, whose decarbonisation play an important role in the transition to net zero. Where it is deemed material therefore, we prioritise our stewardship activity and behaviour as a responsible shareholder. Our long-term investment horizon and concentrated portfolios can facilitate constructive dialogue and provide patient capital to support change, and below we outline our activity and progress here during the reporting year.

Our commitment to NZAM guides us today to prioritise 70% of the portfolio's financed emissions. As described, where the associated portfolio companies have not yet achieved alignment to net zero emissions by 2050 or sooner, they are subject to engagement. At the end of 2023, two airlines were responsible for over 70% of the portfolio's financed emissions based on scopes 1 and 2. Aviation represents 2 percent of global emissions and progress here is therefore significant to the reduction of our own footprint, as well as material to real world emissions. We outline our approach to the respective airlines below.

Portfolio Company	% Financed Emissions (Scope 1 and 2)	Net Zero Alignment
Southwest Airlines	38%	Committed to Aligning
easyJet	34%	Aligned

Southwest Airlines

Over the course of the calendar year, we engaged with Southwest Airlines on two occasions. The first engagement ahead of their AGM related to governance and board diversity, and the second, in November 2022, focused on their net zero commitments. Having previously emphasised the need to formalise net zero transition targets, we were pleased to note progress when we spoke to the team at Southwest Airlines in August 2023. They had formalised a 2035 carbon intensity reduction target and it was pending submission to the Transition Pathway Initiative (TPI). They shared that they had felt more confident to commit to a formal target based on the support given to sustainable aviation fuel (SAF) in the Inflation Reduction Act. They consider SAF to be the most impactful lever to support decarbonisation and continue to engage with the US government, largely through their trade association of Airlines for America (A4A), to support scaling its production. Separately Southwest are investing in a number of SAF start-ups, to support its production. With open dialogue and evidence of progress, we have agreed to ongoing dialogue and to receive updates on their progress as we continue to encourage progress on the alignment of their activities to net zero by 2050.

easyJet

In 2022, easyJet published an SBTi-aligned net-zero roadmap to 2050. During the course of 2023, we engaged with easyJet three times on the topic, with both the board and company management. An early interaction focused on ongoing governance concerns related to capital allocation and shareholder alignment. For climate related activity we note the following key takeaways from our discussions: in a presentation by the Chair of the Board, Stephen Hester outlined what he believes to be easyJet's credible commitment to net zero, highlighting the importance of partnership throughout the supply chain and good governance demonstrated by numerical targets attributed to the CEO and CFO. With the realisation of many of their goals subject to technological improvement, Hester spoke of the need for better communication amongst Bureaucrats to address near term improvements such as a more efficient use of air space in Europe. Separately, the role of government and regulators was picked up on during a presentation by the COO, David Morgan, as he touched on lobbyists representing the company, with a permanent position in Brussels looking at policy and pricing for sustainable aviation fuel (SAF), as well as efforts to have direct air capture recognised as a credible component of their decarbonisation trajectory.

Sustainable Aviation Fuel (SAF)

We recognise regional differences in the discussions with easyJet and Southwest Airlines, however note that there is a shared recognition that SAF is a crucial lever to support the reduction in emissions from aviation. Conversations highlighted that interaction with policy will be critical to achieve the required scale and in order to support direct engagements therefore, we sought out collaborative opportunities to support favourable policy development. During the reporting period, we agreed to join the Global Group on Sustainable Aviation Fuels, convened by the UN PRI, which will commence in 2024.

Last year we referred to our engagement activity with NOV. NOV is an oil services company based in the US primarily serving offshore oil and gas companies, as such, the company is at risk from the transition to renewable energy. As a top 20 shareholder, and as one of the few European investors, NOV became a priority during our engagement campaign as we saw the opportunity to raise awareness, and advocate for change. Over the course of 2023 we continued the dialogue with them and outline this in further detail in Principle 9.

We continue to evolve and refine the incorporation of ESG factors over time, guided by the day-to-day learnings of our engagements, our industry and regulatory commitments and feedback from other important stakeholders such as our clients. Importantly, we continue to focus on what we believe to be most material to our clients, taking account of our investment style as a concentrated Value manager. Last year we outlined a second engagement campaign addressing the diversity of leadership at investee companies. Whilst we continue to monitor this, given the significant progress we have seen across companies and the success of a multi-stakeholder approach, with regulation supporting progress, we have de-prioritised this, engaging only when we identify issues. Instead, we have formalised our commitment to human rights, and we outline this further in Principle 7.

Principle 5 – Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Assurance of our stewardship policies and process is a key responsibility of the Stewardship Committee. As mentioned, the committee sets objectives at the start of each reporting year aimed at refining our process based on the knowledge gained from the previous year's engagements and shared best practices. Historically we have not relied on third party assurance. This is for two main reasons. Firstly, we have not found a suitable external body

able to provide this service. Secondly, as signatories of the UN PRI our stewardship process and policies are reviewed and rated and we receive a detailed assessment report, covering governance, ESG integration, engagements and voting. We believe this assurance process to be robust, providing granular feedback that we are able to act on.

In our latest PRI assessment (2023), we received 4* out of 5* in the core investment categories that we were evaluated for. In Policy, Governance and Strategy we scored 84 which was higher than the median for the module, and for Incorporation for active listed equities, we scored 90, again higher than the median. Both scores represent an improvement on the previous year and provide encouraging feedback that we continue to evolve in a positive direction. We scored less well however in the new category of confidence building measures which refers to the level of oversight provided. We very quickly addressed their feedback through formalising quarterly reporting to the external fund board, the partners and the independent board of Oldfield & Co. Additionally, during the course of 2023 the Responsible Investment Lead was promoted to the partnership which has the advantage of further supporting ensuring feedback mechanisms at the highest level.

In 2023, we continued to evolve our processes and policies. We ensure that our policies evolve in line with our industry commitments such as NZAM as we have described, and regulatory frameworks such as the EU's Sustainable Finance Disclosures Regulation (SFDR). Feedback from clients also informs the direction and during the year we transitioned to more formal regulatory oversight of our processes through the reclassification of our main global strategy from an Article 6 Fund to an Article 8 Fund under the EU's Sustainable Finance Disclosure Regulation (SFDR). SFDR is a transparency framework put in place by the EU which is designed to allow investors to formally assess how sustainability risks are integrated into the investment decision process.

The reclassification was a response to feedback from various stakeholders, including our clients. Although we have for several years outlined that an important part of our company analysis is to assess not just corporate governance but also the management of social and environmental issues, the amendments to the investment policy stated in the prospectus represent a formalisation of this approach undertaken by the team. It is an approach that both incorporates ESG factors into the investment process and recognises our role as a responsible shareholder through engagement with companies where we deem there to be material issues.

The move from Article 6 to Article 8 shifts our focus from considering environmental and/or social characteristics to promoting them. The framework that we have established takes account of our climate related activity, as well as human rights. The three pillars to our approach are outlined below:

As well as the regulatory reports that we produce as a result of our commitments, for our clients, we publish a quarterly proxy voting and engagement report on our website. This provides a summary of our voting action and describes our engagement activity for the quarter. Reports are written by a member of the investment team to ensure depth of understanding and circulated for review to ensure an impartial assessment that reporting is fair, balanced and understandable.

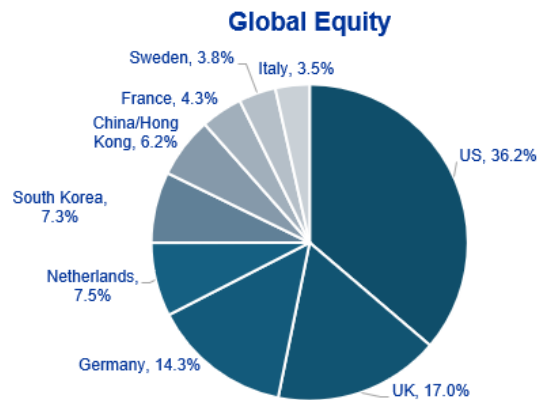
Principle 6 – Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

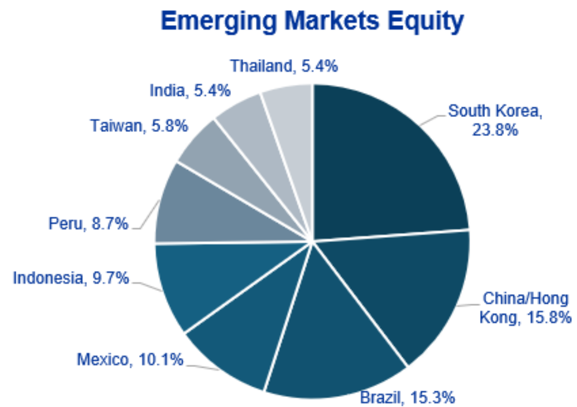
As outlined in Principle 1, total assets under management were around US$2.5bn as of 31st December 2023, in a combination of segregated mandates and pooled vehicles. The firm has 130 clients including families, high net worth individuals, pension funds, endowments, and charities. The majority of our assets under management are institutional in type. We have a global client base, split predominantly between the UK and North America.

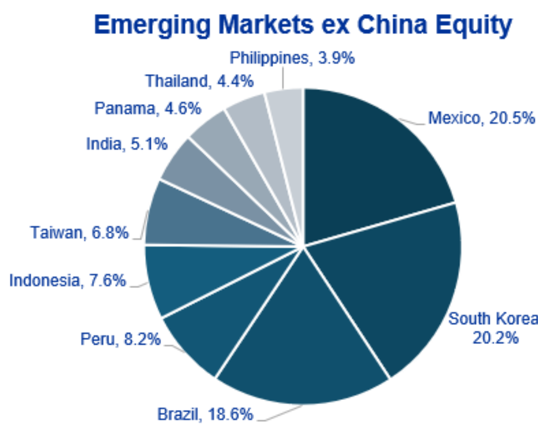
Strategy AUM breakdown (as of 31st December 2023)

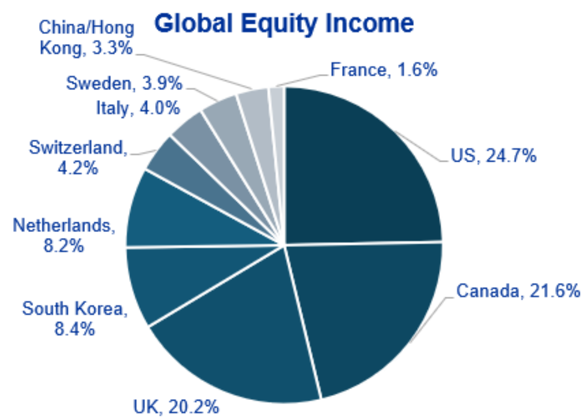
Strategy	US$m
Global Equity	2,020.6
Emerging Markets Equity	243.7
Emerging Markets ex-China Equity	27.9
Global Equity Income	29.8
Global Smaller Companies	36.6
International All Cap Select	72.6
Total	**2,431.3**

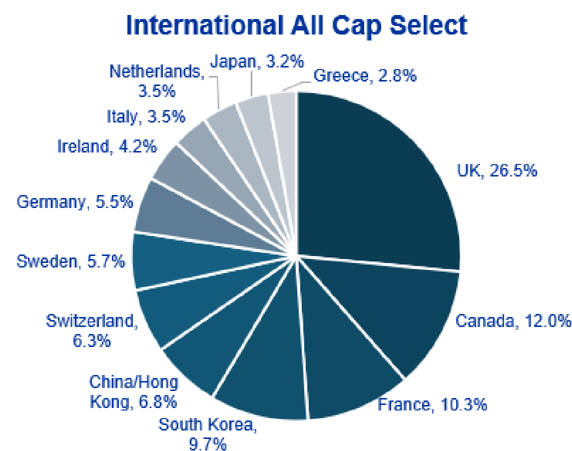
Geographical breakdown of invested assets by strategy

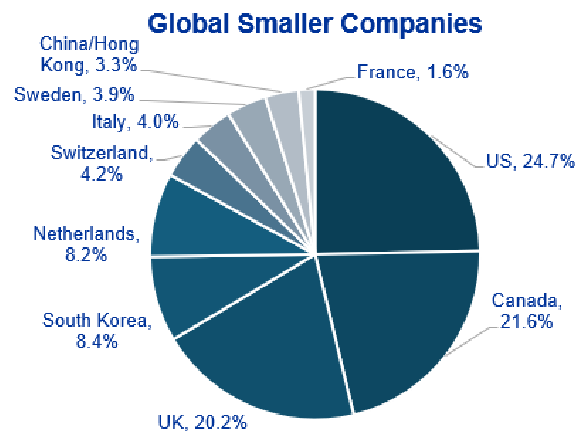












*Source: OP and MSCI.
Date: As at 31st December 2023.
Representative portfolios used, excluding cash.

As described, our investment approach and our ownership structure are set up to focus on the long term, aligning to the investment horizon of our clients. This is essential to take advantage of one of the biggest inefficiencies of the markets today, the short-termism of most of the participants and the tendency to hug indices. Taking the global equity strategy as an example, our objective is to outperform our benchmark by between 2-3 percent over a rolling five-year period. The other strategies at OP have very similar investment horizons.

We value open relationships with clients, clear and frank written and verbal communications, with candid coverage of the things that go wrong as well as those that go right. Many of our clients have been with us for a long period of time, which facilitates open conversations with team members throughout the organisation. Our Managing Partner is regularly involved in meeting with clients and as a result, feedback is gathered directly at a senior level. The decision to create an additional position within the investment team, dedicated to ESG, was driven by our Managing Partner, in recognition of the growing needs of our clients, and our desire to respond fully to them. As a small firm, change, when required, can be implemented quickly.

We maintain a regular dialogue with our clients to ensure we are continuing to work to meet their needs in this way and providing the appropriate level of transparency into our actions. We publish our stewardship and voting activities on a quarterly basis. This report provides a description of proxy voting, as well as our key engagements for the quarter. This is publicly disclosed via the website.

Where requested, OP also provides regular reports of stewardship activities to its clients, including detailed proxy voting records pertaining to the individual client. The frequency and contents of the reporting are agreed between OP and the client at the inception of the mandate and are generally incorporated into the investment management agreement. Individual client reports can include the same detailed disclosure as those published on our website – so a description of key engagements for the quarter, and a description of proxy voting. Some clients have requested that we only send the engagement description, while others who have their own voting policies have requested a record of all voting instances where they have decided to vote differently from us.

Often in the case of segregated accounts, quarterly meetings or calls are the norm, where we will seek the views of our clients and inform them of our investment activities, including stewardship and engagement. The relevant portfolio manager would be available for conference calls and meetings in London or elsewhere as required, however, each client also has a relationship manager responsible for the relationship and able to help with providing information and data as necessary. This last reporting year we had 65 meetings with our clients, representing a slight year-on-year decrease.

As a standard procedure, a monthly factsheet is sent by email in respect of each of our portfolios which includes basic information such as portfolio size, NAV price, performance, top holdings and geographical and sector exposure, and commentary is provided quarterly. In addition, for pooled investors the fund administrator sends a monthly or annual valuation statement to each investor. We are happy to discuss any reporting requirements investors have and to provide full disclosure of portfolio positions. On top of this we are happy to have client meetings as frequently as clients need where we welcome open and honest discussion. Each client is assigned a relationship manager from our Client Relations team. For full transparency, all contact details are available on the 'Contact Us' section of our website.

Building on an objective from 2021, we continue to evaluate the effectiveness of our approach and our ability to deliver on the needs of our clients. Each quarter our Stewardship Committee has a standing agenda item to review client and consultant feedback from the quarter, trends observed through conversations with prospects or peers, as well as industry material. As

described, our committee includes a member of the client relations team, and they lead this discussion. In our previous submission, we referenced growing client interest in biodiversity. A recognised framework in the form of the Taskforce for Nature Related Financial Disclosure (TNFD) was made available in 2023 and the continued interest from our clients prompted us to consider this in our investment discussions. We outline an example of an early engagement here in Principle 11.

As most of our clients are institutional investors, we interact regularly with investment consultants, the client advisors, as well as their broader research teams. Similarly to previous years, throughout the course of 2023 we completed several dedicated ESG due diligence documents, questionnaires, and industry studies. The feedback gained through these has been a helpful measure of our progress, highlighting our position relative to expectations, and to peers.

As described in Principle 2, the firm and its partners are supported by the majority-independent board of Oldfield & Co. (London) Ltd, a corporate member of Oldfield Partners LLP through which the external shareholders hold their interests. We continue to be supported by the expertise of experienced individuals such as Debbie Clarke. Debbie retired from Mercer in 2021 after more than 15 years as Global Head of Investment Research. Her experience provides invaluable insights into the needs of institutional investors, as well as the evolution of the investment industry and is an additional input into how we best take account of the needs of our clients, and broader beneficiaries.

Principle 7 – Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

We have described in Principles 1 and 2 about how considering ESG risks and opportunities is a necessary part of the fundamental analysis we carry out when evaluating investment ideas. As described above, all our investment analysts have access to MSCI ESG reports at an industry and company level. These reports cover a wide array of ESG factors, including corporate governance & behaviour, corruption & instability, biodiversity & land use, carbon emissions, community relations, health & safety, and toxic emissions & waste. These reports are used as a starting point for the investment team to make their own proprietary assessment and analysis. From here the investment analyst prioritises those ESG issues deemed most material to the investment thesis. These issues will therefore vary on a case-by-case basis however, our priorities include good governance including the diversity of boards, climate change and seeking commitments from companies to target net zero emissions by 2050.

We have described how ESG factors and engagement on material issues are integrated at the idea generation stage and throughout the investment horizon. As such, the entire investment team are involved in this process. And we have noted how stewardship objectives form a part of the appraisal process for investors when determining discretionary bonuses. Finally, we have described how the Stewardship Committee interacts with the investment team, monitoring the progress of our engagement efforts, setting firm-wide ESG objectives and sharing best practices.

It is worth noting that we do not outsource any element of stewardship in our investment decisions. As mentioned, investors do have access to ESG research from third party providers such as MSCI, however this is taken as a starting point for our own appraisal of the material issues to an investment thesis. And as already described in Principle 2, we do not use service providers to conduct engagements on our behalf. We have also already described how we employ the services of ISS to manage the voting process and assist our decision-making. ISS provides analysis and voting recommendations for each proposal. However, the investment

team always reviews these recommendations relative to each individual investment thesis. In some instances, investors will come to a different conclusion than that reached by ISS, in which case we instruct ISS to vote as we see fit. This includes reviewing whether ISS' recommendations are supporting the integration of stewardship in our investment process. One clear example of this is where voting against management can be an effective tool in the escalation of an engagement.

In Principle 3, we outlined a number of potential conflicts related to stewardship and the policies in place to help mitigate these. We also described that the Executive Partners and Board receive written reports on conflicts of interest arising and the steps taken to resolve them, at least annually, and that due to the small size of our firm, the close relationships that we maintain with clients, and the concentrated nature of our funds, the frequency with which these conflicts arise are limited.

Throughout the document, we have provided several examples of our climate related engagement. To fulfil our responsibilities, in 2022 we began to integrate social issues more systematically and in 2023 this continued. In line with our SFDR Article 8 commitment, our social pillar focuses on respect for Human Rights, as outlined by the UN Guiding Principles on Business and Human Rights. Human rights are a foundation of the 'social' pillar, and the idea is as simple as it is powerful: that people have a universal right to be treated with dignity (Source: UN PRI). The implications from an investment perspective comprise a company's legal responsibility, reputational risk, and its associated financial materiality. In our approach, we leverage the framework provided by the UN Guiding Principles on Business and Human Rights (UN GP) which comprises the following three key pillars. 1. The state duty to protect human rights 2. The corporate responsibility to respect human rights 3. Access to remedy.

In 2023 therefore we increased our discussions on human rights related issues and document two examples of this below.

Sanofi

In December, we spoke to a team at Sanofi, a French domiciled pharmaceutical company, in relation to two drugs, depakine and dengvaxia. The purpose of the discussion was to explore Sanofi's role within the UN GP's third pillar, access to remedy. This followed a detailed conversation with the company in 2020 and reflects the evolution of legal proceedings in the years since. The two drugs are better addressed individually and we summarise these below.

Depakine is an anti-epilepsy drug that was first marketed in the 1960s. Following identification in the 1980s that the drug could adversely impact foetal development when taken during pregnancy, a complex interaction between the company and the French state ensued. Today, this interaction is still seeking resolution in the courts, with compensation being sought by victims. Sanofi recognise that there are victims involved. They are clear that their responsibility is to inform the health authorities of new arising risks and request a label update, which they state they have adhered to. Once informed, the health authority are 'sovereign in their decision' and the liability is passed with this. Sanofi highlight the labelling issues faced in France as an anomaly (elsewhere the changes were made), implicating the French state as the source of any remedy.

Dengvaxia is an anti-dengue vaccine launched in 2016. Contrary to the accusations, Sanofi do not accept that anyone died as a result of the vaccine. They believe it was a politically motivated campaign in the Philippines and point to the vaccination programme in Brazil (over 300,000 people vaccinated) and findings from the World Health Organisation, to support this.

Sanofi appear resolute in their position. With the legal system, governmental and intergovernmental bodies involved, it is not clear that we have the ability to influence a better outcome and remedy as a shareholder and will therefore continue to monitor the situation rather than take any further immediate action.

Eni S.p.A

In December, we contacted the Investor Relations team at Eni, an Italian multinational integrated energy company. Whilst we have spoken to the team in the past about their decarbonisation efforts, this conversation related to an ongoing controversy of Eni's Nigeria Agip Oil Company (NAOC) which has faced opposition from indigenous groups over the company's alleged denial of privileges to local communities. We are aware that Eni have signed an agreement to sell NAOC subject to government approval but nevertheless wanted to better understand the policies in place with reference to global frameworks such as the UN GP, as well as the extent to which the ongoing respect for human rights and the level of required oversight had been considered as part of the agreement to sell NAOC. We expect to hold a follow-up discussion with the team in the first quarter of 2024.

The integration of our work on human rights into our SFDR framework supports a more systematic approach and we anticipate increased activity and reporting on this in the future.

Principle 8 – Signatories monitor and hold to account managers and/or service providers.

As outlined earlier, all our investment analysts have access to MSCI ESG reports at an industry and company level. These are used as a starting point for their own proprietary assessment and analysis. We are wary of assessing the ESG fundamentals of a company based solely on the rating ascribed to it. These ratings are backward looking and there is usually a lag between changes in a company's fundamentals, and a corresponding change in the ESG rating. We are also conscious that the rating system itself can only be as good as the underlying data available. In situations where our own assessment of material ESG issues diverges meaningfully from that of the MSCI report, we contact MSCI in an effort to gain a more detailed understanding of this difference in views. In 2023 we moved to quarterly discussions with our client consultant to cover updates to their system as well as to address any feedback that we had. This has been a useful forum to ensure we are making full use of the capabilities available to us, however, we do also think it is important to continue to understand the alternative offerings available, to ensure that over time we are partnering with the provider that best suits our needs and our delivery to clients. We therefore continue to meet with their competition on an ad-hoc basis.

We have already explained that we undertake our own engagements and due to the highly concentrated nature of our strategy, there is no need for us to outsource to third parties. We do use MSCI's 'Controversies Alert System' to help alert us to any controversies specific to the companies we are invested in. However, we do not rely on their engagement services preferring instead to take on the responsibility of engagement ourselves. These providers are used to complement our own engagement efforts, not for outsourcing purposes. Again, there are alternative suppliers of such controversy alerts and we review them from time to time, comparing their offering against that from MSCI.

We have described how OP employs the services of ISS to manage the voting of proxies and assist our decision-making. We evaluate the services of ISS on an annual basis. This assessment considers factors such as the quality of the analysis and voting recommendations, the technology that ISS provides as part of the service and any potential conflicts of interest. We remain satisfied with their technology platform, we are alerted to upcoming events, and research can be accessed easily. There is also the ability to sort and screen by

various factors which we find helpful. The voting process is simple and efficient. Equally, we have reviewed and are comfortable with ISS's procedures for identifying, disclosing and addressing potential conflicts of interest.

We are generally happy with the quality of analysis that ISS provides. We read and review the research before voting; this research is generally thorough, and conclusions are clearly communicated. There are occasions where interpretation of the data may differ and there are also occasions when, in our view, some of the conclusions lack consistency. However, we can draw different conclusions and have the discretion to vote in a different way to any recommendation if we chose to do so. We outline these differences and our reasoning to clients.

In our previous submission, we outlined how we provided direct feedback to ISS regarding specific recommendations where we identified gaps in their research. In 2023, we strengthened our efforts by collaborating with other investors through an ISS Engagement Working Group, convened by the Investor Forum. This collaboration provided a valuable platform to share examples and case studies of issues observed with ISS research during the 2023 AGM season. Together, we agreed on a constructive approach to highlight key issues, prioritize concerns, and engage with ISS to present and discuss actionable steps for the upcoming 2024 season. By delivering collective feedback from ISS clients to the company's senior management, the aim was to encourage meaningful action on areas of shared concern. We believe ISS must do more to adapt its approach to reflect broader market views, particularly around climate-related issues and a collaborative approach provides a better opportunity to make progress here.

We have in the past detailed our subscription to an engagement management system that we used to centralise our activity. In 2023 we moved to a new provider, Verity ESG, that offered significant customisation based on our SFDR Article 8 requirements.

Principle 9 – Signatories engage with issuers to maintain or enhance the value of assets.

We believe that engagement is a fundamental part of our role as active managers. We have already described how, as part of the risk assessment of a business, investment analysts will identify ESG issues deemed as a material risk to an investment thesis. There is a dedicated ESG risk section in all key research notes, and these issues will be debated by the wider investment team in our weekly team meetings. Once we become shareholders, we seek to engage with the company on these issues. This is either done through the discussions we hold with company representatives within the ordinary routine of interaction, or we may decide to extend our engagement activity and/or escalate specific areas of concern in order to effect the change we are seeking. Such decisions are made on a case-by-case basis, influenced by factors such as the materiality of the issue and the size of our relative holding.

At the outset of an engagement, we record a clear objective. Because we engage on those issues which we deem to be a material risk to the investment thesis, it is this risk assessment which forms the basis for identifying and determining the objective. However, as outlined in previous submissions, we do continue to take a nuanced approach to setting a timeline for our engagements. As value investors we believe a patient, yet persistent approach is more likely to deliver meaningful change, and therefore superior returns for our clients over the long run. We are motivated to engage with companies and effect change in material ESG issues, since this will contribute to de-risking the investment case. But where we see a credible strategy to improve these issues is being formed, we are willing to give management time to deliver this change.

In the case of net zero for example, regulations and expectations vary across regions and sectors and we take this into account when enacting and overseeing our engagements. As our activity related to climate has increased, we are thoughtful about how we prioritise our engagement efforts and more detail is provided in Principle 4.

In our previous submission, we noted that for our Global Smaller Companies and Emerging Markets strategies, they are generally lagging large-cap, developed market companies in their approach to climate change. Whilst this remains the case in many examples, our engagement with companies within our Emerging Markets portfolios increased meaningfully in 2023 and in many instances, we were positively surprised by the response. Included below are two examples of such engagements which highlight a joined-up way of thinking relative to global peers albeit lagging in progress.

Copa Holdings

In August we engaged with Copa Holdings, a leading Latin American airline operating out of Panama. They shared with us that they have set a target for net zero by 2050 and we discussed how they might achieve that. Their modern Boeing 737 fleet gives them a fuel efficiency and cost advantage versus peers. They highlighted that the transition to sustainable aviation fuel (SAF) is even more problematic in Latin America given the lack of supply in the region. This aligns with feedback from other discussions. Encouragingly however, the firm has already completed a successful test flight using SAF in California. Encouragingly, Copa's main regional competition have also committed to net zero. We continue to monitor this space, particularly in relation to any legal requirements on SAF blend (the UK for example has outlined a 10% blend requirement by 2030).

Buenaventura

In September we spoke to Buenaventura, a Peruvian mining firm extracting gold, silver and copper. The objective was to encourage greater disclosure around key environmental and social metrics. Mining as a sector has historically been fraught with accidents, creating long-tail economic liabilities even once a mine is closed. The firm is improving disclosure including the commitment to setting near-term carbon reduction targets for 2025. They noted that they have a long track-record of positive community relations which is evidenced by the ongoing approval of their work. Regarding the impact on biodiversity, management note that they operate in areas that are typically at high-altitude, and far less biodiverse than mines in other areas of Latin America (notably Brazil). No immediate follow-up, although we await details of the firm's carbon reduction plan.

From a developed market perspective, where there is overlap in our holdings, we collaborate where possible in order to effect change. An example of this, and an ongoing priority engagement is NOV Inc. a leading oil and gas servicing company, based in the US and held within our Global fund and Global Smaller Companies fund. In this instance and in the case study that follows, the lead Analyst, Portfolio Managers and Responsible Investment Lead collaborate to inform the dialogue with the company, with the objective of navigating both near and long-term risks and opportunities, in order to support and enhance the value of the investment over time.

NOV Inc.

NOV is a leading US oil services company providing equipment and consumables to the oil and gas exploration and production industry. Its scale and breadth are key advantages, as is its aftermarket business which appeals to customers looking for reliable single source providers that can meet most or all their equipment and related service needs. The company

is well positioned to capitalise on demand for advanced systems to increase drilling and production efficiency and develop renewable energy capacity. NOV's low capital intensity supports its ability to convert a large portion of EBITDA to free cash flow. Capital expenditure averages about 3% of sales, among the lowest levels in the oilfield services peer group.

The outlook for NOV continues to improve with a large increase in capital expenditure by oil and gas producers required for the supply of hydrocarbons to match demand in the coming years.

Diversification of the Business

The company faces risk from the transition to renewable energy, as much of their revenue currently comes from producers of hydrocarbons. However, NOV also views the transition as a business opportunity due to significant overlap with their existing expertise and client base. They are taking a two-pronged approach to this.

Firstly, given their position within the oil and gas value chain, a crucial contribution to reducing the industry's carbon footprint will be through minimising emissions from core oil and gas operations. Management have focussed on providing more efficient products that reduce the emission intensity of drilling such as the electrification of fracking engines. This is seen by the International Energy Agency as a first-order priority.

Secondly, NOV is leveraging its core competencies to provide solutions for emerging alternative energy markets. They are taking a diversified portfolio approach, exploring opportunities in partnership with oil majors, who make up a large part of their client base. NOV are keen to leverage their existing capabilities, for example they highlight capabilities in offshore wind installation as an overlap with rig technology, as a strategic priority.

Signs of Progress

NOV's 2023 sustainability report outlines two measurable points of progress. Firstly, a reduction in their emissions intensity (scope 1 and 2) of 13% compared to 2022; and secondly, an increase in their renewable energy-related revenue amounting to $386 million in 2023, a 16% increase from 2022. Their remuneration structure continues to support decarbonisation initiatives, with 10% of eligible employees' target bonus opportunity linked to energy transition initiatives, and an additional 10% tied to Health, Safety, and Environment (HSE)-related measures.

From a disclosure perspective, independent scoring on a TCFD basis evidenced some improvement. We saw improved scoring on strategy (from a score of 0 to 10) and governance (from 20 to 35) and overall (from 19% to 31%). Although we note some improvement, we see this as relatively small which does reflect our own experience through discussions held directly with the company over the course of the past 12 months. The scoring of 0 for Metrics & Targets is, in our experience, not uncommon for companies domiciled in the US and we see this across a number of industries where the politicisation of issues has halted previous steps made towards this. We expand below on our approach to this during conversations with the company.

Engagement & Disclosure

Engagement with the company has to date brought mixed results. Sentiment towards the speed of the transition has largely reflected the broader political tone, with initial enthusiasm towards pivoting their business to total decarbonisation, giving way to a more balanced discussion between the legacy business and renewables over the past 12-18 months, alongside a nervousness to set targets.

We engaged with the company twice in 2023 and this continued into 2024. We document the more recent discussions below as the most up-to-date reflection of our progress. In November 2023, we held a call with the Head of Investor Relations. This was our fourth discussion with the company, as we continue to pursue better disclosure, encouraging reporting using a TCFD

framework for increased transparency on strategy, risk, metrics & targets and governance. Previous progress had been incremental and this conversation reflected more of the same. Our objective following this discussion was to broaden our interaction to other members of the company who can help us better understand their prioritisation process and the challenges that are causing a delay.

As a result, in March 2024 we got the opportunity to speak to Mike Loucaides, the Chief Health, Safety, Security and Environmental Officer, to gain a better understanding of the challenges hindering further improvement. Mike has become very focused on the environmental element of his role over time and has been leading NOV's work here for a number of years now, relying on collaboration with team members in different regions. It was clear from the conversation that there is extensive work underway to comply with incoming regulation such as CSRD in Europe and the ISSB's IFRS S1 and S2 requirements. This has positive implications for the standardisation and detail of disclosure and provides a more meaningful timeframe in which we can expect progress, in line with regulatory requirements from 2025. These new regulatory requirements will force an improvement in areas such as metrics and targets.

We understood from the discussion that the company are not under pressure from other stakeholders (shareholders and customers) to accelerate this work, due in part, they believe, to an understanding of the extent of the challenge. As per previous discussions, they highlighted scope 3 as particularly challenging, alongside the introduction of double materiality which today lacks clarity and consensus. Whilst we do have sympathy with their position, we agreed on the importance of the standardisation of reporting via a TCFD framework and encouraged better adherence to this in the near term. Mike took this on board and recognised that based on their work to date, they could do more to achieve this.

Escalation & Next Steps

Prior to our discussion with Mike Loucaides, we had made contact with another major shareholder, who, like us, follow a Value investment approach and had made suggestions through their publicly available reports that they too were engaging with NOV to see further progress in these areas. Our discussions with Mr Loucaides revealed that while feedback from shareholders was initially a useful support for his work internally, regulation is now ultimately key to driving meaningful transparency improvements, with the US Securities and Exchange Commission continuing to drag their feet on expansion of climate-related disclosure. We continue to monitor this.

We have explained the Stewardship Committee's role in monitoring the progress of our engagements. The Committee will review and sometimes challenge the method and process of engagement, drawing on insight from other ongoing engagements and industry best practices. We employ a variety of methods when engaging with companies, taking account for regional nuance and our approach to engagement aims to be sensitive to the cultural norms of different regions. For example, when engaging with Japanese companies, often we will follow up a call or in-person meeting with a formal letter to the senior management team. Investing in Japan can sometimes be frustrating and can require significant patience, collaboration and understanding.

In previous submissions, we have described our interactions with Mitsubishi UFJ Financial Group (MUFG), Japan's largest bank and a company that we have engaged with over many years across various governance items. We have found that our exposure to CEOs of Japanese companies is generally quite good, allowing us to have discussions and provide feedback at the highest level.

Our experience suggests that as a Value investor, initiating an investment during a more challenging period for a company can in fact help to foster relationships with management, shaped by a sense of loyalty and enhanced by our longer-term investment horizon and patient capital to support change. Our consistent dialogue with senior executives at MUFG, facilitated

the evolution of discussions from a focus on reducing cross shareholdings, to those on the decarbonisation trajectory of scope 3 emissions, and the improvement of board diversity. Documented below is an outline of the three engagements that took place with them in the first three calendar quarters of 2023.

First quarter: In conversation with the Chief Financial Officer in January, we followed up on our discussion from the previous summer regarding their approach to scope 3 financed emissions. With targets for the oil and gas sector announced last year, Mr Yonehana confirmed that targets for an additional 2-3 sectors will be announced this April. This is in line with their commitment to the Net Zero Banking Alliance (NZBA), which requires full coverage within 36 months of joining. In addition to NZBA, they are aiming for third party verification of their targets but due to a perceived lack of alignment with SBTi today, they are looking into other third-party input, which we emphasised was important. We moved on to discuss the opportunity related to the transition and their funding ambitions sustainable finance initiatives and we learnt that they have one target so far of 35 trillion yen to be allocated by 2030. They will in time focus on the opportunity, with measurement of revenue generated through these initiatives. This however requires more time and greater analysis before they will provide further disclosure. As an investee company with whom we have regular dialogue, we will continue these discussions in the normal course of business.

Second quarter: From our position as a longstanding shareholder in MUFG, we wrote to the Chairman and the President of MUFG in June to inform them that we would be voting against their re-election at the upcoming AGM. Following several discussions with senior management on cross-shareholdings, we re-iterated that we view the pace of reduction as inadequate and that we hold management accountable for this misallocation of capital. We explained that our vote was an escalation of our engagement and we concluded that we hope to see an acceleration in the reduction, seizing the opportunity with the recent highs of Japanese equity markets. We expect to meet with management in Q3 2023.

Third quarter: In a bi-annual meeting with the CFO, amongst other topics we covered the ongoing issue of cross-shareholdings, an update on their target setting for scope 3 emissions and introduced the subject of financing for palm oil. Having written to inform them in Q2, we re-iterated that we had voted against the Chairman and President to signal our disapproval of the level of cross-shareholdings still held (26.4% of net assets). Elsewhere, their target setting for financed emissions continues in line with their commitment to NZBA with finalisation of all sectors by June 2024. They emphasised that the key to making progress on targets would be through dialogue and evolution with their clients. Finally, we raised the topic of the introduction of criteria to certify sustainable sourcing of palm oil, in order for clients to achieve financing. Mr Yonehana confirmed that they are involved in discussions to establish guidelines with more global alignment and are navigating the balance between an ideal and the reality. They are looking to formalise their approach here and we look forward to our continued dialogue with MUFG's senior management on the topic.

Principle 10 – Signatories, where necessary, participate in collaborative engagement to influence issuers.

We believe collaborative engagement can be a powerful tool in effecting change, and we are members of several collaborative initiatives. These include the UK Investor Forum, Climate Action 100+, and the UN PRI. In our previous submission, we described our engagement with Berkshire Hathaway through Climate Action 100+. A key motivation for joining the initiative was the opportunity to achieve greater corporate access which we had struggled with as an individual shareholder.

As Value investors, we have long been admirers of Warren Buffett. We have been investors in Berkshire Hathaway since 2020. Historically we had no cause for engagement and have supported management through our voting practices. This became challenged in 2021, as Berkshire Hathaway's level of climate related disclosure became increasingly out of step with expectations. Whilst we recognise that the principal industrial subsidiaries have been more transparent about their climate goals and related activity, we believe that at the parent level, Berkshire Hathaway must accept that management oversight of climate-related risk is essential and a growing necessity for doing business in today's society. As a significant contributor to the overall carbon footprint of our portfolio, their progress is crucial if we are to meet our commitment to achieving net zero by 2050.

We therefore continued our engagement in 2023 and in the second quarter we wrote to Berkshire Hathaway to highlight our support for shareholder resolutions filed by Climate Action 100+ in their collective engagement with the company. As members of this collective engagement, we were aware that several attempts were made to reach a compromise, with the filing of resolutions seen as an escalation due to lack of progress. In our letter, we recognised significant progress made at BNSF, formally Burlington Northern and Santa Fe, the US railroad, and Berkshire Hathaway Energy, the US power utility, together the two subsidiaries that account for the majority of Berkshire's emissions. However, we emphasised the importance of improved climate related disclosures, and crucially, a standard approach to disclosure via a TCFD framework that allows investors to assess companies within one globally recognized framework. Berkshire Hathaway's decentralised, slim HQ is central to a culture that we like, however, we don't believe that the resolutions are overly burdensome, and would provide a level of transparency that is increasingly seen as standard practice. Our letter emphasised that this a key consideration for our own climate commitments, as well as those of our clients.

In 2023 we continued to leverage Investor Forum for the purpose of collaborative engagement, and we include an update to our ongoing monitoring of Rio Tinto now.

Rio Tinto

Monitoring the evolution of culture at Rio Tinto, we joined the collective engagement convened by the UK Investor Forum for a wide-ranging conversation with Dominic Barton, the Chair of the Board. Following the publication of the Everyday Respect report by Liz Broderick in 2022 which identified disturbing findings of bullying, sexual harassment, racism and other forms of discrimination throughout the company, Barton confirmed that of the 26 recommendations made following publication, 85% of these had been actioned. In parallel though, complaints across the company have increased. While this is something to monitor, there is a positive aspect to this in that it is a sign that employees feel more comfortable to voice their concerns following the changes actioned from the Everyday Respect report. He explained that culture is discussed at every board meeting and they are exploring how to set a robust measure for cultural change with the remuneration committee in order to continue to hold the leadership team to account. In the meantime, Barton is looking to the retention of women as an indication of whether change is happening. With many women joining last year, encouraged by the Everyday Respect report, if near-term retention is poor, the signal will be quite clear. We are encouraged by Rio Tinto's transparency and note nonetheless that they have a long way to go. As a number of our investee companies begin to pay greater attention to culture, we will continue to engage with Rio Tinto, who are to some degree leading the dialogue on addressing this important topic.

Principle 11 – Signatories, where necessary, escalate stewardship activities to influence issuers.

We have already described how, once we become shareholders in a company, we engage on those ESG issues deemed most material to the investment thesis. As mentioned, this is often done through the discussions we hold with company representatives within the ordinary course of interaction. However, we may also decide to extend our engagement activity and/or escalate specific areas of concern to effect the change we are seeking. Such decisions are made on a case-by-case basis, influenced by factors such as the materiality of the issue.

The process of escalation in our engagement can include withholding support or voting against management (and informing them after a lack of action resulting from engagement); meeting/communicating with non-executive directors or the chairperson; collaborative intervention with other institutional investors; or engaging with regulatory or governmental bodies, where deemed appropriate and effective.

In setting objectives for escalation, these will be aligned with the objective of the overall engagement. The choice of escalation method will be assessed on a case-by-case basis and can be influenced by cultural differences across regions. As described in Principle 1, we recognise that our approach to stewardship often takes time to deliver conclusive outcomes. However, as Value investors we believe a patient, yet persistent approach is more likely to deliver meaningful change, and therefore superior returns for our clients over the long run.

We don't currently include divestment as a formal step in our escalation strategy, however where we see a challenged investment case, lack of momentum through dialogue with management, and the potential for near-term value destruction, this is an escalation step that we will pursue. In 2023 this was not an escalation strategy that we chose to pursue. In addition to the ongoing collaborations described in Principle 10 however, we extended our efforts to Nature Action 100 as an escalation of engagements with two portfolio companies.

Over the course of 2023, attention continued to build on biodiversity and in September the Taskforce on Nature-related Financial Disclosures (TNFD) launched alongside Nature Action 100, a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss. Our early-stage discussions on biodiversity with priority companies were not satisfactory and we therefore joined Nature Action 100 to escalate the issue moving into 2024. We document the early-stage engagements that lead to escalation below.

Bayer

Bayer, the leading agrichemical company, are a corporate member and contributor to the TNFD. During an engagement with them in August, our objective was to better understand the EPA's investigation into the impact of glyphosate on endangered species. In 2021 the EPA (Environmental Protection Agency) published findings that suggest that glyphosate is "likely to adversely affect" 93% of endangered species and 96% of designated critical habitat. Bayer informed us that the results had been referred to the Fish and Wildlife Service and he National Marine Fisheries Service and that the timelines for completion of the EPA's Biological Opinion for glyphosate is estimated to be a couple years from now. This is an ongoing engagement as we continue to explore the details with them. We look to our recent commitment to Nature Action 100 as a potential avenue for collaboration with other investors.

First Pacific

In May we met with a member of the board from First Pacific, a Hong Kong listed conglomerate with underlying holdings in Indonesia and Philippines. Part of the conversation centred on the firm's indirect activity with palm oil through its holding in Indofoods, the Indonesian food company. Over the past 5 years it has been disappointing that Indofoods have exited the globally recognised Round Table on Sustainable Palm Oil (RSPO). More recently, there have been greater disclosure efforts, including investor visits and extensive annual sustainability reports. The objective of the discussion was to better understand the controls they have in place and how we might better benchmark their palm oil related operations to peers, with further detail on the local certification standards (IPSOS) that they have complied with. Further discussions with industry leader Wilmar, and a direct conversation with the RSPO this quarter helped to build greater context and our next steps will be to continue discussions with First Pacific with this in mind.

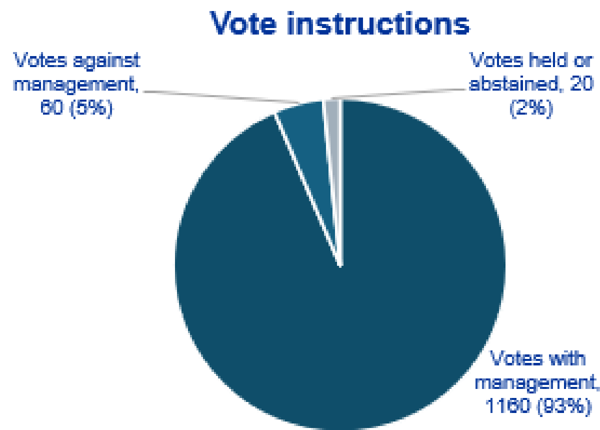
Principle 12 – Signatories actively exercise their rights and responsibilities.

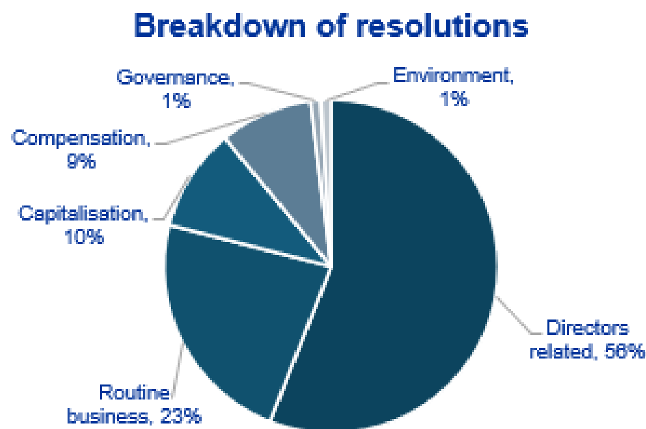
It is OP's policy to vote all shares where we are entitled to do so, except where there are onerous restrictions – for example, share blocking. As detailed in Principle 2, we employ the services of ISS to manage the voting of proxies and assist our decision-making. ISS provides analysis and voting recommendations for each proposal.

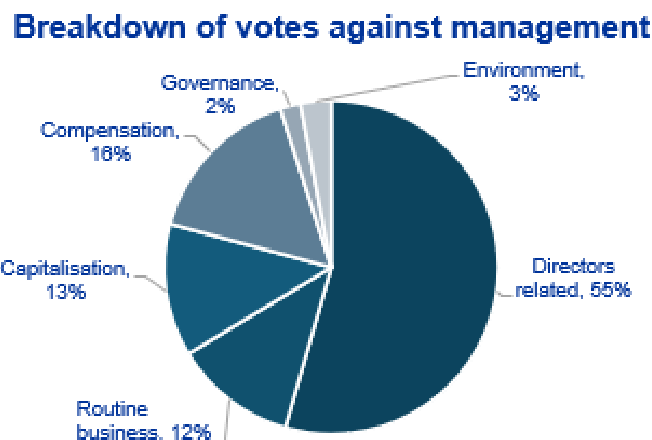
OP is notified of all general and special meetings for the stocks we purchase for our clients. All resolutions are reviewed by the relevant portfolio managers and lead analyst who in turn provide instructions on how to vote. Any voting decisions which differ from ISS's will be amended accordingly within the ISS platform prior to the voting cut-off. Given the concentrated nature of our funds, we believe it is an advantage that we can pay close attention to how we vote for each of our investee companies. Our research is used alongside that of ISS and allows us to address votes on a case-by-case basis rather than rely on standard, one-size-fits-all policies. This is true across all funds, assets and investment geographies. We receive research based on ISS' benchmark policy, however, we continue to explore the policies that they offer to their clients, including one which provides greater stringency on climate related resolutions.

As described in Principle 3 when voting on companies held in more than one fund, if there are differing views, portfolio managers act independently, voting their portion of shares held. Although this is rare, we believe this approach allows each portfolio manager to act in the best interests of their clients. Where a client has specific proxy voting guidelines, we work with ISS to ensure that we vote in line with the guidance prescribed by the client, recognising that where the client has not delegated voting responsibility wholly to OP our first obligation is to follow the client's own preferred policy. OP does not currently facilitate clients' direct voting in pooled accounts but are aware of the functionality should client interest grow. Certain OP client mandates undertake stock lending. Where a stock is on loan ahead of a general meeting or corporate action, and we have discretion to vote or act on that client's behalf, we recall the stock (unless it is not in that client's interest). OP does not borrow stock for the purpose of exercising votes.

We publish a quarterly summary of proxy voting as part of our Stewardship and Voting Activities Report on our website. These reports include our voting records, as well as the rationale for cases where we voted against management. In 2023 we voted 100% of meetings which included 1240 resolutions. We voted in line with management in 95 percent of cases and against for 5 percent. This represents a very slight decrease from 2022 where our votes against management were 6 percent. We provide a breakdown of votes for 2023 below.







Our voting behaviour in 2023 did not differ materially from 2022 and compensation related matters continued to provide cause to vote against management. Successfully managing executive compensation has proven to be a challenging problem to solve despite the best efforts of many stakeholders. Our discussions with easyJet have been an ongoing example of this and in 2022 we addressed the issue with both the Chair of the Remuneration Committee and the CEO. Frustrated with progress, in 2023 we escalated engagement to the Chair of the Board.

easyJet

Having raised concerns for a significant period with little sense of improvement, we met with Stephen Hester, the Chair of the Board, to discuss them. Our conversation centred around incentive structures and we communicated that we believe he should be more forthright in ensuring management have better alignment through ownership of more shares (the CEO for example holds 27% of the recommended amount), as well as consider the appropriateness of using Earnings before interest, tax, depreciation and lease rental payments (EBITDAR) compared with Profit before tax (PBT). In support of our views, this quarter, we continued to vote against the remuneration report to reinforce our feedback.

Throughout the year we continued to ensure that we provided direct feedback where votes against management were meaningful. Below outlines an example of this with portfolio company Bayer.

Bayer

This quarter we wrote to the Chair of the Supervisory Board and Bayer's Head of IR to inform them that we would be voting against the remuneration report at the 2023 AGM. Last year, alongside 75% of shareholders, we voted against the report and outlined our surprise therefore that the continued adjustment of management's compensation for litigation charges was still deemed to be appropriate. We consider this adjustment particularly inappropriate for CEO Werner Baumann, as the architect of the Monsanto acquisition, and the source of the group's litigation charges today. We highlighted that we don't view the Board as acting in the best interests of shareholders. In the follow-up, we agreed to hold a follow-up call in the third quarter to address the topic of outstanding litigation, alongside other important topics such as biodiversity. This is documented in Principle 11.

We disclose the full extent of our voting and engagement activity and outcomes in our quarterly company engagement reports which can be found here.

Signed for on behalf of Oldfield Partners LLP for reporting period ending 31 December 2023.

Nigel Waller, Managing Partner of Oldfield Partners