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Oldfield Partners

Proxy voting and company engagement report

Q2 2023

July 2023

Engagement Report

During the quarter, several investee companies held their Annual General Meetings (AGM). As usual we voted at each meeting and where we deemed our votes to be significant, we sent letters of our voting intentions to the companies. In many cases this led to further discussion. We outline several examples in the report that follows.

The Insurance Sector

The role of the insurance sector in the transition to net zero was in the spotlight this quarter, with the UN convened Net Zero Insurance Alliance (NZIA) questioned with allegations of anti-trust, prompting the flight of over half of its members. The NZIA has since stated that its protocol for target setting will serve as a voluntary best practice guide with individual members and non-members being responsible for their own target setting and reporting, doing so unilaterally and independently. Nevertheless, this dynamic impacted our engagement with our recent investment Chubb, details of which, along with our other engagements, follow.

Chubb

Prior to initiating an investment in Chubb during the quarter, we engaged to better understand their position on the transition to net zero. Chubb, as a large P&C insurer, have set decarbonisation targets for scope 1 and 2 emissions and have adopted several policies related to fossil fuels including no longer underwriting new coal-fired power plants, or companies with more than 30% of revenue from thermal coal mining. For oil and gas projects they have reduced their underwriting to clients that can demonstrate they have plans to reduce methane emissions. Chubb have independently set policies and targets, however, recognising the prospects and challenges for the sector as a whole, have recently convened investors, academics, and regulators alongside industry peers to discuss these. Philosophically, Chubb believes that insurers can be more effective through engagement with high emitters, and we will continue to follow their progress alongside that of the industry in the coming months.

Environmental Engagements

Berkshire Hathaway

This quarter we wrote to Berkshire Hathaway to highlight our support for shareholder resolutions filed by Climate Action 100+. 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 and BHE, the two subsidiaries that account for the majority of 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 prescriptive, instead calling for 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.

First Pacific

In May we met with a member of the board from First Pacific, a Hong Kong listed conglomerate with underlying holdings namely in Indonesia and Philippines. Part of the conversation centred on the firm’s indirect activity with palm oil through its holding in Indofoods. Over the past 5yrs 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.

Governance

ASE Holdings
We spoke with management representatives from Taiwanese semiconductor testing and packaging firm ASE Holdings. Within the meeting we addressed the issue of management succession planning. The founding Chang family have demonstrated a strong track record of steering the company forward since its founding in the early 1980s, and collectively still retain approximately one-quarter of outstanding shares. Nonetheless, family patriarch Jason Chang is now nearly 80, and while he has in recent years been more 'visionary' than 'day-to-day' hands-on, he will likely be seeking to reduce his workload in the future. Our key point to management is that in a transition, we have a strong preference that the dual Chairman/CEO role would be separated to allow professional management to execute on the day-to-day demands, while allowing for a family member to lead at the level of Chairman. The outcome of the discussion was that this was being actively discussed at the board level, and there would be greater disclosure on this point in the future.

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 this year's 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 Q3 to address the topic of outstanding litigation, alongside other important topics such as biodiversity.

JSE
We spoke with the Johannesburg Stock Exchange, a listed company in South Africa. Following multiple correspondence with management in 1Q23, we were offered a meeting with a board member. The objective of the engagement was primarily focused on senior management remuneration, both in terms of quantum and how its structuring aligns with shareholder interests. The company already has strong processes in places, balancing both short-term performance and long-term outcomes. We shared our thoughts on areas where policies might be enhanced, and included global context as to how the operational performance of JSE compares to peers. The company thanked us for our interaction and we will continue the dialogue where we see this as necessary in the future.

Mitsubishi UFJ Financial Group (MUFG)
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.

Southwest Airlines
Following discussions with Southwest Airlines last year, we wrote to them ahead of the AGM to acknowledge the nomination of 2 female Board members, increasing female representation to 21%. We had previously discussed that we see 30% as an optimal target and sought to understand how they would be making further progress. They confirmed that they haven't set a target, however they

did assure us that the Board is focused on refreshment with diversity top of mind. With their consistent message and evidence of improvement, we voted in favour of their overall nominations and look to see evidence of further progress in their near-term appointments.

SS&C

During our annual update with SS&C we discussed issues related to human capital management, including progression on their diversity efforts, as well as climate related disclosures. We learnt that previous high levels of staff turnover have normalised and the company have made efforts to combat potential related issues of low morale through increased compensation including bonuses, as well as flexibility for working from home. They are in the process of finalising a diversity policy, recognising that there are pockets of activity today run at a business unit or regional level, with the need to formalise this. At the level of the board, they have brought forward their target to add an additional female by one year (from 2025, in line with NASDAQ requirements, to 2024). With regards to greater GHG emissions disclosure, although this is not a material issue to their business, they are looking into the best approach in light of the delay from the SEC. They recognise that for investors and clients this is an important issue and may look to disclose ahead of regulatory requirements. Overall, we acknowledge progress over the last 12 months and will continue the dialogue in our annual discussions.

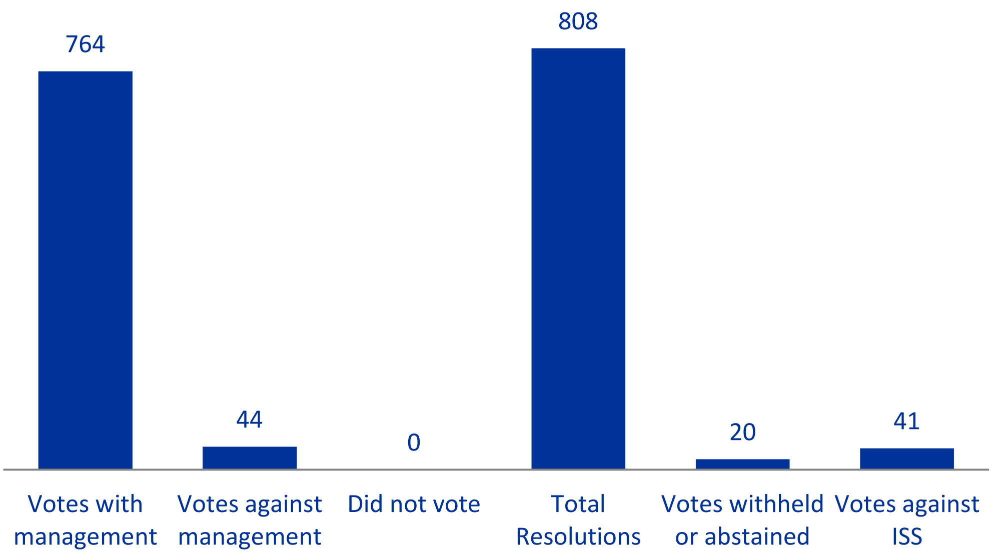
This quarter we published a thought piece to address the evolution of ESG integration into our investment approach. For further detail, please refer to the link on our website.

Voting Summary *

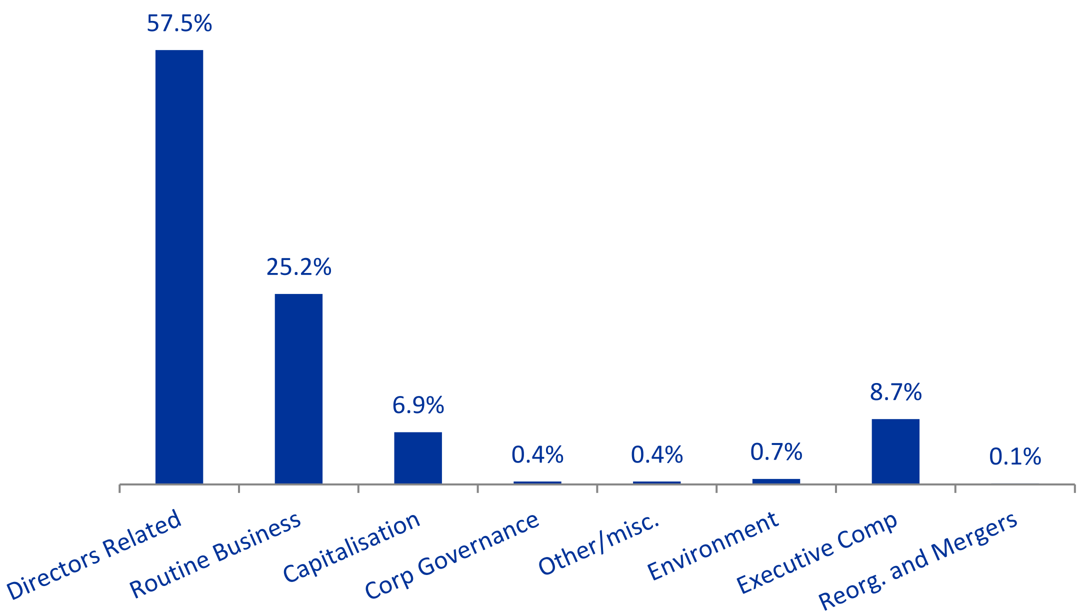
Total meetings available	=	56
Meetings instructed	=	56
Number of resolutions	=	808
Did not vote	=	0

**For clients who have delegated voting authority to Oldfield Partners.*

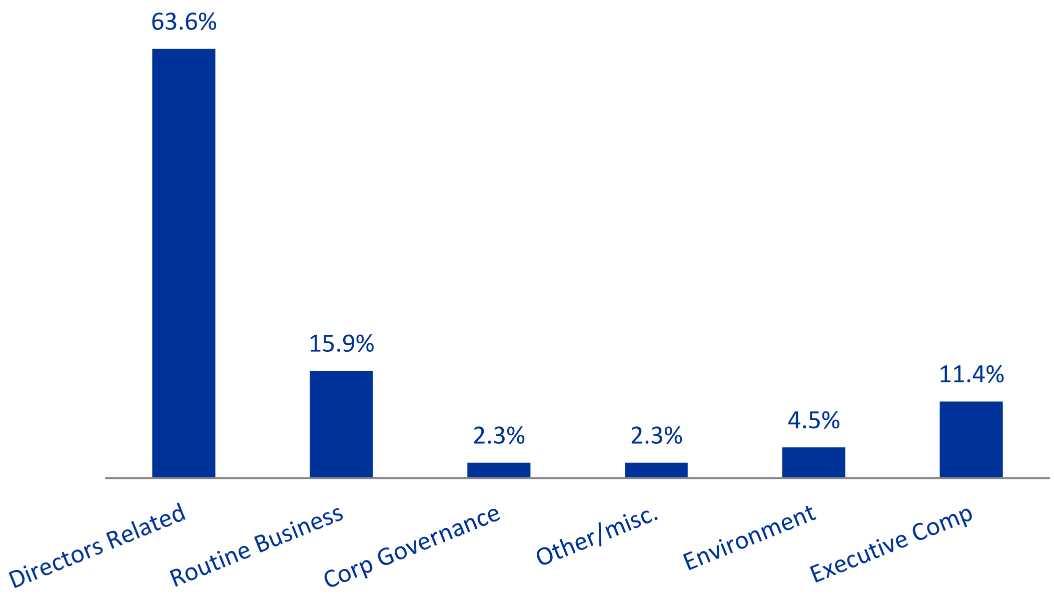
Vote Instructions



Breakdown of Resolutions



Breakdown of Votes Against Management



Commentary on votes against management

There were 44 votes against management in Q2 2023, the most meaningful are outlined in this quarter's engagement report. For further information, please contact us via your client representative or at info@oldfieldpartners.com.