



Oldfield Partners

**Proxy voting, ESG and company engagement report**  
**Q3 2020**

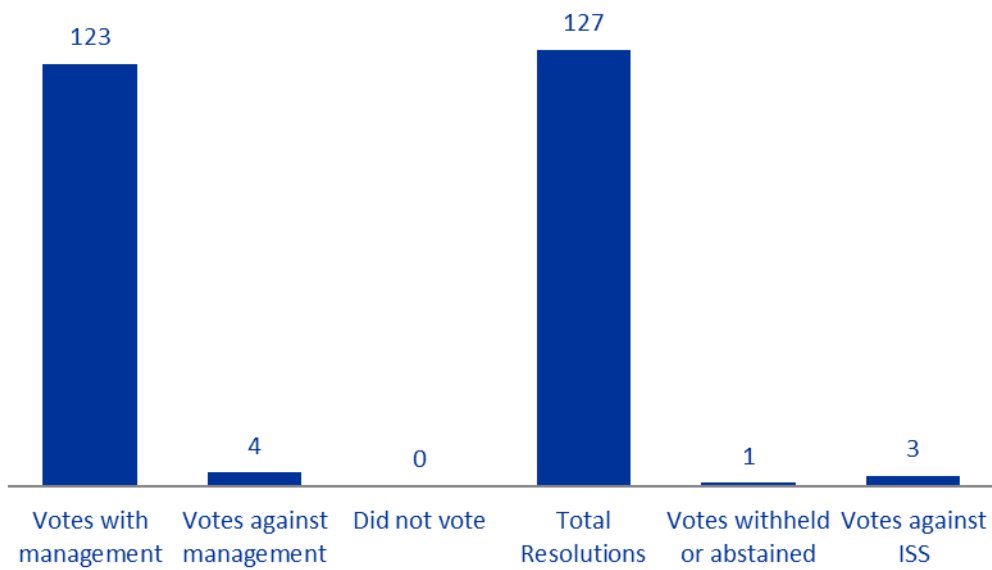
October 2020

## Voting Summary \*

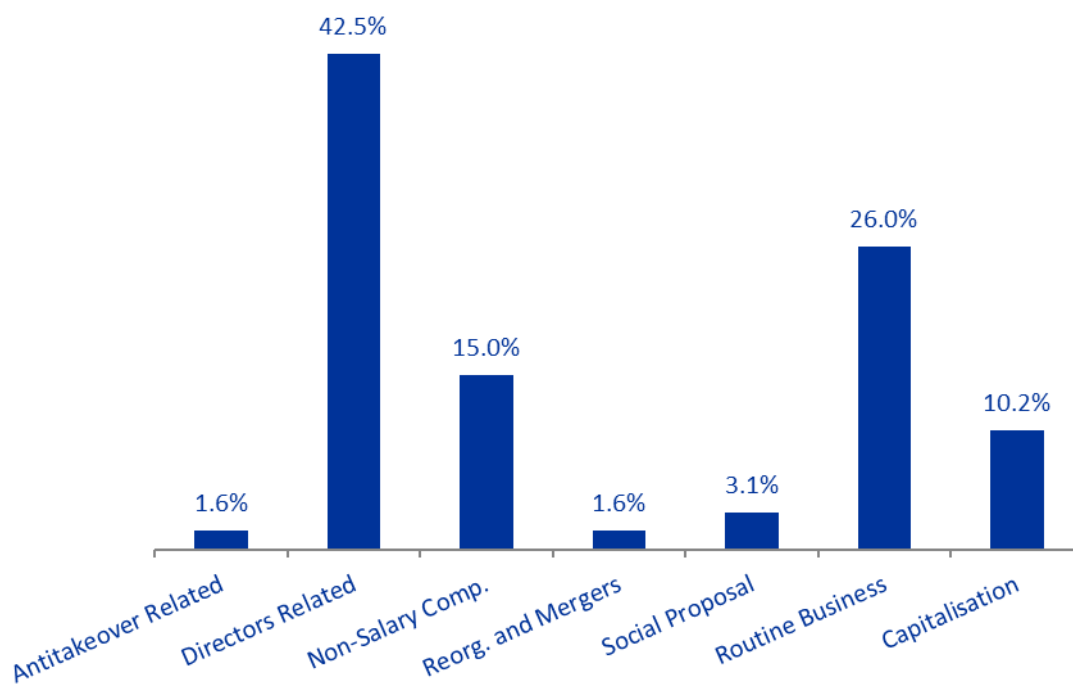
Total meetings available	=	13
Meetings instructed	=	13
Number of resolutions	=	127
Did not vote	=	0

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

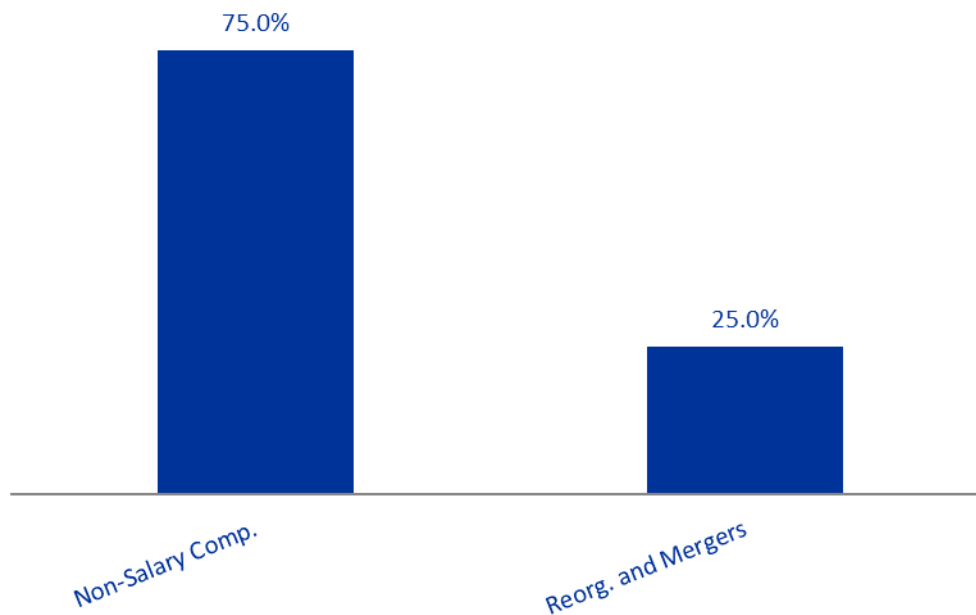
## Vote Instructions



## Breakdown of Resolutions



## Breakdown of Votes Against Management



### **Commentary on voting against management**

There were four votes against management in Q3 2020.

#### BT - Approve Remuneration Report and Remuneration Policy

We voted against management and ISS considering key issues which were:

1. The time it is taking to ratify the pensions
2. The constant adjustments in the accounts and that management are incentivised on adjusted EBITDA and adjusted Free Cash Flow
3. The use of ROCE/WACC as a threshold requirement without revealing the company's WACC

#### Buenaventura - Amend Remuneration Policy

A vote against this proposal was warranted because the proposed policy would allow for potential material increases in director remuneration in the absence of detailed information regarding the existence of safeguards to prevent potential conflict of the interests.

#### First Pacific - Approve Proposed Acquisition and Related Transactions

Despite some of the merits of the proposed transaction and the conflict of interest at the company being mitigated by the abstention from voting by Salim and his associates at the upcoming EGM of the company, a vote AGAINST this proposal is warranted given the potential conflict of interest at ICBP, the operating subsidiary and the direct acquirer in the proposed transaction, where interested parties will not be

required to abstain from voting at the EGM of ICBP and may therefore amplify the influence of related parties over the transaction.

### **Commentary on voting against ISS**

There were three votes against ISS in Q3 2020.

#### BT - Approve Remuneration Report and Remuneration Policy

Please see details from the section Commentary on voting against management.

#### Dart Group - Re-elect Philip Meeson as Director

Philip Meeson is the founder and largest shareholder of the business and has delivered exceptional performance. He is an important part of the investment case, so we disagree with ISS and chose to re-elect him as Director.

### **Commentary on remuneration issues**

Over the summer we have been engaging with BT on this theme, including whether the current incentive scheme should be adjusted to reflect ongoing restructuring, and whether there should be greater disclosure on underlying company assumptions. Please refer to the Engagement Report section for more details.

### **ESG Report**

#### Rio Tinto

The rock shelters at the Juukan Gorge in Pilbara, Western Australia were important heritage sites of great cultural significance. Companies have a responsibility to operate within the bounds of a social license, which includes respecting local land and people. Rio Tinto has failed to adhere to this responsibility.

The board review concluded that no single root cause or error directly resulted in the destruction of the rock shelter: “it was the result of a series of decisions, actions and omissions over an extended period of time, underpinned by flaws in systems, data sharing, engagement within the company and with the PKKP (Puutu Kunti Kurrama and Pinikura people), and poor decision-making.” While we understand that such incidents are rarely due to a single error, it does mean that the response will likely need to address multiple areas. The board review details a number of such areas and we welcome these efforts.

The subsequent change to management is a more radical move. J-S Jacques (CEO), Chris Salisbury (Chief Executive, Iron Ore) and Simone Niven (Group Executive, Corporate Relations) are all stepping down. In addition, a new Social Performance function is being established and a second Senior Independent Director role has been created. This has happened after engagement with shareholders who expressed concerns about the lack of executive accountability. We did not feel it necessary for the chief executive to step down: we would have preferred a much quicker, and strong, penalty – greater than the initial proposal. We

recognise that this action has created a strong incentive structure which shows how such actions would likely to be dealt with in the future. The message to the future management team seems loud and clear – again, something we welcome.

At this point, we want to monitor progress regarding the implementation of the board’s recommendations. We will need to ensure that the company provides sufficient information to assess this.

Rio Tinto needs to rebuild trust and ensure it does operate within the bounds of a social license. We are hopeful that the change of management, implied incentive structure and proposed changes to the work practises and culture will achieve this.

## **Engagement Report**

During the summer we became collaborators on a Climate Action 100+ initiative engaging with KEPCO. The focus of the engagement has been to dissuade KEPCO from proceeding with its development of coal-fired generation, which we believe presents a risk considering the global transition towards a low-carbon economy. While the company has publicly committed to a transition towards renewables, the board is still approving international coal projects. In August we had a call with representatives from the Climate Change Policy team and Global Business Development team, where we urged the company to cease approving any future coal projects. The team explained the political difficulties in backing out of their international projects that are at a late stage of approval. They also argued that the long-term PPA contracts associated with these plants meant there was a low risk of these becoming stranded assets. They pointed out that these newer more efficient plants were replacing older dirtier ones, and they would also be investing to offset emissions. During the call we also put to them that international competitors were working on a more ambitious timeline to exit coal completely over the next decade in order to meet the Paris Agreement ambitions. However, their response was that they would be working towards the Korean government’s own green targets (coal generation at 36% by 2030). They acknowledged that these might be revised to become more ambitious, especially following the announcement of the Green New Deal.

Following this call, the group agreed that we had reached an impasse with the company on coal project development – change needs to be mandated top-down from the government. As such we have decided to focus our engagement efforts on the Ministry of Energy and Ministry of Trade, Industry and Energy. We did decide to send the CEO of KEPCO a letter making him aware of the Climate Action 100+ latest initiative on benchmarking – the Net Zero Company Benchmark. The benchmark builds on the TCFD recommendations, with more guidance on specific company actions and disclosures of most relevance to investors’ decisions. This is achieved through several benchmark indicators. An analysis of alignment with these indicators and subsequent public reporting of the results will be conducted by the Climate Action 100+ initiative in collaboration with the Transition Pathway Initiative. A baseline assessment of KEPCO, along with all the other companies engaged through Climate Action 100+, is scheduled for public dissemination in early 2021, with regular updates thereafter.

Moving away from climate change and on to the topic of remuneration – over the summer we have been engaging with BT on this theme, including whether the current incentive scheme should be adjusted to reflect ongoing restructuring, and whether there should be greater disclosure on underlying company assumptions. While the company responded to our questions and assured us that our concerns would be forwarded to the Remuneration Committee, they did not adequately address the issues we raised. We therefore decided to vote against the remuneration report and policy at the AGM in July.

During the last quarter we also had several engagements with our Japanese holdings. In August we were contacted by IHS Markit on behalf of Nomura, asking for our feedback on the company. We expressed our discontent that the ex-Chairman, Mr Koba, has not been retired from the company, but instead is being kept on as a board director. As a reminder, we previously urged that Mr Koga be replaced as Chairman of the board of Directors as he was entrenched and to take responsibility for the scandals in Wholesale division. He was replaced in April by Mr Nagai. We also reiterated our view that the company's stake in NRI should be reduced further and the funds be used for share buybacks (we have written about this at length in our previous engagement reports).

In September we spoke with the management team of East Japan Railway. During the meeting we reiterated to the President that the current lack of a majority of independent, outside directors on the board undermines the board's effectiveness as a counterbalance to management. The president commented that they had two females and currently 33% outside directors, with no plan to change immediately but will take note of our opinion. We also expressed our disappointment in increased cross shareholdings with other railway operators in FY3/20, limiting shareholder influence and against the Japan Governance Code. The President said he believes JR companies should collaborate and wants to harvest common platform. We countered that JR companies could collaborate without owning each other's shares and by increasing JRE's cross shareholdings, the company was acting against the recently revised Corporate Governance Code.

We engaged with Toyota regarding greater disclosure to international investors. As a reminder, last year we were informed that the company would no longer be holding a conference call for foreign investors and analysts on quarterly financial results, starting from the third quarter. The company cited a declining number of participants as the primary driver for this decision. We contacted the Investor Relations team to express our disapproval that the company has taken away foreign investors' ability to ask questions directly to senior management. We pressed for an English version of the Q&A held for domestic investors to be uploaded onto the company website alongside the release of quarterly results. During last quarter, we pressed the company on this issue again. They assured us that they are working on translating the conference call recordings into English and will post this on their company website. We will continue to monitor this.

Finally, following the cyber-attack on EasyJet in the summer, we decided to push for greater disclosure from the company on their cyber security policies and procedures. We have sent Investor Relations a copy of our cyber security questionnaire, and they have forwarded this to the Cyber Security team to complete. We look forward to receiving this back.

## Appendix 1: Detailed Voting Disclosure Q3 2020

Company Name	Meeting Type	Meeting Date	Proponent	Proposal Text	Vote Instruction	Category Description	Vote Against	Vote Against ISS				
Alpha Bank SA	Annual	31-Jul-20	Management	Accept Financial Statements and Statutory Reports	For	Routine Business	No	No				
				Approve Management of Company and Grant Discharge to Auditors	For	Directors Related	No	No				
				Approve Auditors and Fix Their Remuneration	For	Routine Business	No	No				
				Approve Director Remuneration for 2019	For	Non-Salary Comp.	No	No				
				Pre-approve Director Remuneration for 2020	For	Non-Salary Comp.	No	No				
				Advisory Vote on Remuneration Report	For	Non-Salary Comp.	No	No				
				Approve Stock Option Plan	For	Non-Salary Comp.	No	No				
				Elect Dimitris C. Tsitsiragos as Independent Director	For	Directors Related	No	No				
				Elect Elanor R. Hardwick as Independent Director	For	Directors Related	No	No				
				Elect Members of Risk Management Committee (Bundled)	For	Social Proposal	No	No				
				Elect Members of Remuneration Committee (Bundled)	For	Social Proposal	No	No				
				Elect Members of Corporate Governance and Nominations Committee (Bundled)	For	Social Proposal	No	No				
				Elect Efthimios O. Vidalis as Member of Audit Committee	For	Routine Business	No	No				
				Elect Carolyn G. Dittmeier as Member of Audit Committee	For	Routine Business	No	No				
				Elect Elanor R. Hardwick as Member of Audit Committee	For	Routine Business	No	No				
				Elect Johannes Herman Frederik G. Umbgrove as Member of Audit Committee	For	Routine Business	No	No				
				Elect Jan A. Vanhevel as Member of Audit Committee	For	Routine Business	No	No				
				Authorize Board to Participate in Companies with Similar Business Interests	For	Directors Related	No	No				
				Advisory Vote to Ratify Named Executive Officers' Compensation	For	Non-Salary Comp.	No	No				
				Bed Bath & Beyond Inc.	Annual	14-Jul-20	Management	Ratify KPMG LLP as Auditors	For	Routine Business	No	No
Elect Director Harriet Edelman	For	Directors Related	No					No				
Elect Director Mark J. Tritton	For	Directors Related	No					No				
Elect Director John E. Fleming	For	Directors Related	No					No				
Elect Director Sue E. Gove	For	Directors Related	No					No				
Elect Director Jeffrey A. Kirwan	For	Directors Related	No					No				
Elect Director Johnathan B. (JB) Osborne	For	Directors Related	No					No				
Elect Director Harsha Ramalingam	For	Directors Related	No					No				
Elect Director Virginia P. Rueterholz	For	Directors Related	No					No				
Elect Director Joshua E. Schechter	For	Directors Related	No					No				
Elect Director Andrea Weiss	For	Directors Related	No					No				
Elect Director Mary A. Winston	For	Directors Related	No					No				
Elect Director Ann Yerger	For	Directors Related	No					No				
BT Group Plc	Annual	16-Jul-20	Management					Accept Financial Statements and Statutory Reports	For	Routine Business	No	No
								Approve Remuneration Report	Against	Non-Salary Comp.	Yes	Yes
				Authorise Issue of Equity without Pre-emptive Rights	For	Capitalisation	No	No				
				Authorise Market Purchase of Ordinary Shares	For	Capitalisation	No	No				
				Authorise the Company to Call General Meeting with Two Weeks' Notice	For	Antitakeover Related	No	No				
				Approve Remuneration Policy	Against	Non-Salary Comp.	Yes	Yes				
				Authorise Issue of Equity	For	Capitalisation	No	No				
				Authorise EU Political Donations and Expenditure	For	Routine Business	No	No				
				Authorise Issue of Equity without Pre-emptive Rights in Connection with an	For	Capitalisation	No	No				
				Authorise the Audit and Risk Committee to Fix Remuneration of Auditors	For	Routine Business	No	No				
				Re-elect Jan du Plessis as Director	For	Directors Related	No	No				
				Re-elect Philip Jansen as Director	For	Directors Related	No	No				
				Re-elect Simon Lowth as Director	For	Directors Related	No	No				
				Re-elect Iain Conn as Director	For	Directors Related	No	No				
				Re-elect Isabel Hudson as Director	For	Directors Related	No	No				
				Re-elect Mike Inglis as Director	For	Directors Related	No	No				
				Re-elect Matthew Key as Director	For	Directors Related	No	No				
				Re-elect Allison Kirkby as Director	For	Directors Related	No	No				
				Elect Adel Al-Saleh as Director	For	Directors Related	No	No				
				Elect Sir Ian Cheshire as Director	For	Directors Related	No	No				
				Elect Leena Nair as Director	For	Directors Related	No	No				
				Elect Sara Weller as Director	For	Directors Related	No	No				
				Reappoint KPMG LLP as Auditors	For	Routine Business	No	No				
				Approve Employee Sharesave Plan	For	Non-Salary Comp.	No	No				
				Approve International Employee Sharesave Plan	For	Non-Salary Comp.	No	No				
				Approve Employee Stock Purchase Plan	For	Non-Salary Comp.	No	No				
				Approve Restricted Share Plan	For	Non-Salary Comp.	No	No				
				Approve Deferred Bonus Plan	For	Non-Salary Comp.	No	No				
				Adopt New Articles of Association	For	Routine Business	No	No				
				Compania de Minas Buenaventura SAA	Annual	15-Jul-20	Management	Approve Remuneration of Directors	For	Directors Related	No	No
Approve Financial Statements	For	Routine Business	No					No				
Amend Remuneration Policy	Against	Non-Salary Comp.	Yes					No				
Amend Articles	For	Routine Business	No					No				
Approve Annual Report	For	Routine Business	No					No				
Appoint Auditors	For	Routine Business	No					No				
Elect Roque Benavides as Director	For	Directors Related	No					No				
Elect Felipe Ortiz de Zevallos as Director	For	Directors Related	No					No				
Elect Nicole Bernex as Director	For	Directors Related	No					No				
Elect William Champion as Director	For	Directors Related	No					No				
Elect Diego de La Torre as Director	For	Directors Related	No					No				
Elect Jose Miguel Morales as Director	For	Directors Related	No					No				
Elect Marco Antonio Zaldivar as Director	For	Directors Related	No					No				

Company Name	Meeting Type	Meeting Date	Proponent	Proposal Text	Vote Instruction	Category Description	Vote Against	Vote Against ISS
Dart Group Plc	Annual	03-Sep-20	Management	Accept Financial Statements and Statutory Reports	For	Routine Business	No	No
				Authorise Issue of Equity without Pre-emptive Rights	For	Capitalisation	No	No
				Authorise Issue of Equity	For	Capitalisation	No	No
				Authorise Issue of Equity without Pre-emptive Rights in Connection with an	For	Capitalisation	No	No
				Authorise Board to Fix Remuneration of Auditors	For	Routine Business	No	No
				Reappoint KPMG LLP as Auditors	For	Routine Business	No	No
				Adopt New Articles of Association	For	Routine Business	No	No
				Elect Robin Terrell as Director	For	Directors Related	No	No
				Re-elect Philip Meeson as Director	For	Directors Related	No	Yes
				Re-elect Gary Brown as Director	For	Directors Related	No	No
easyJet Plc	Special	14-Jul-20	Management	Approve Capital Raising	For	Capitalisation	No	No
Eurobank Ergasias Services & Holdings SA	Annual	28-Jul-20	Management	Accept Financial Statements and Statutory Reports	For	Routine Business	No	No
				Approve Remuneration Policy	For	Non-Salary Comp.	No	No
				Approve Remuneration of Directors	For	Directors Related	No	No
				Approve Management of Company and Grant Discharge to Auditors	For	Directors Related	No	No
				Approve Auditors and Fix Their Remuneration	For	Routine Business	No	No
				Advisory Vote on Remuneration Report	For	Non-Salary Comp.	No	No
				Approve Stock Option Plan	For	Non-Salary Comp.	No	No
				Approve Reduction in Share Capital, Shareholders Remuneration In-Kind,	For	Capitalisation	No	No
				Amend Article 11: General Meeting	For	Routine Business	No	No
				Elect Members of Audit Committee (Bundled)	For	Social Proposal	No	No
First Pacific Company Limited	Special	17-Jul-20	Management	Approve Proposed Acquisition and Related Transactions	Against	Reorg. and Mergers	Yes	No
Korea Electric Power Corp.	Special	14-Sep-20	Management	Elect Three Inside Directors (Bundled)	For	Directors Related	No	No
				Elect Noh Geum-sun and Jung Yeon-gil as a Member of Audit Committee	For	Routine Business	No	No
Petroleo Brasileiro SA	Annual	22-Jul-20	Share Holder	Elect Sonia Julia Sulzbeck Villalobos as Director Appointed by Preferred	For	Directors Related	No	No
				Elect Rodrigo de Mesquita Pereira as Director Appointed by Preferred	Abstain	Directors Related	No	No
				Elect Daniel Alves Ferreira as Fiscal Council Member and Michele da Silva	For	Directors Related	No	No
PT Indofood Sukses Makmur Tbk	Annual	15-Jul-20	Management	Approve Allocation of Income	For	Routine Business	No	No
				Accept Annual Report and Statutory Reports	For	Routine Business	No	No
				Approve Remuneration of Directors and Commissioners	For	Directors Related	No	No
				Accept Financial Statement	For	Routine Business	No	No
				Approve Purwanto, Sungkoro & Surja as Auditors and Authorize Board to Fix	For	Routine Business	No	No
				Approve Spin-Off and Takeover Agreement with Siemens Energy AG	For	Reorg. and Mergers	No	No
Siemens AG	Special	09-Jul-20	Management	Accept Financial Statements and Statutory Reports	For	Routine Business	No	No
Stagecoach Group Plc	Annual	25-Sep-20	Management	Approve Remuneration Report	For	Non-Salary Comp.	No	No
				Authorise Issue of Equity without Pre-emptive Rights	For	Capitalisation	No	No
				Authorise Market Purchase of Ordinary Shares	For	Capitalisation	No	No
				Authorise the Company to Call General Meeting with Two Weeks' Notice	For	Antitakeover Related	No	No
				Approve Remuneration Policy	For	Non-Salary Comp.	No	No
				Authorise Issue of Equity	For	Capitalisation	No	No
				Authorise the Audit Committee to Fix Remuneration of Auditors	For	Routine Business	No	No
				Authorise EU Political Donations and Expenditure	For	Routine Business	No	No
				Authorise Issue of Equity without Pre-emptive Rights in Connection with an	For	Capitalisation	No	No
				Approve Restricted Share Plan	For	Non-Salary Comp.	No	No
				Elect Lynne Weedall as Director	For	Directors Related	No	No
				Re-elect Gregor Alexander as Director	For	Directors Related	No	No
				Re-elect James Bilefield as Director	For	Directors Related	No	No
				Re-elect Martin Griffiths as Director	For	Directors Related	No	No
				Re-elect Ross Paterson as Director	For	Directors Related	No	No
				Re-elect Sir Brian Souter as Director	For	Directors Related	No	No
				Re-elect Ray O'Toole as Director	For	Directors Related	No	No
				Re-elect Karen Thomson as Director	For	Directors Related	No	No
				Reappoint Ernst & Young LLP as Auditors	For	Routine Business	No	No