



Oldfield Partners

Proxy voting, ESG and company engagement report

Q3 2022

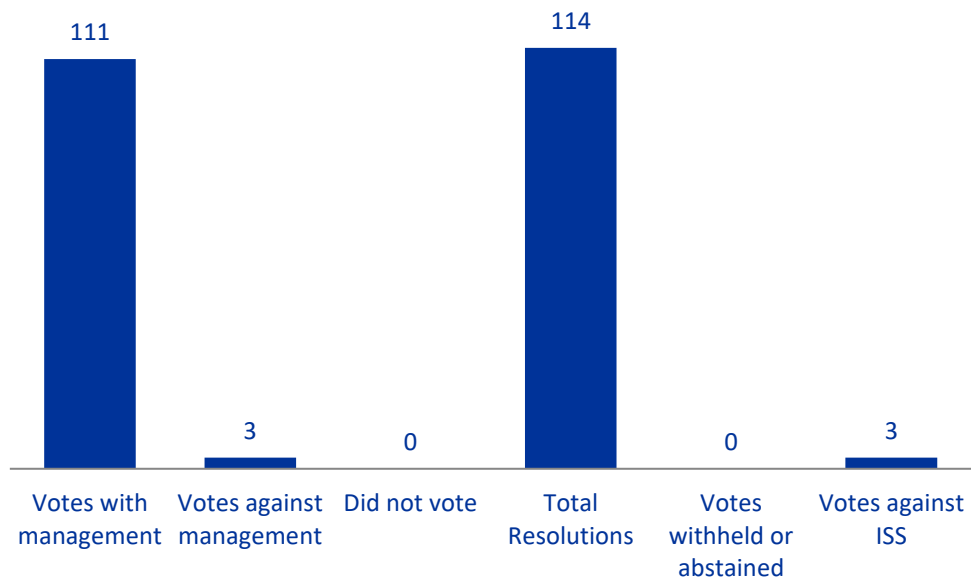
October 2022

Voting Summary *

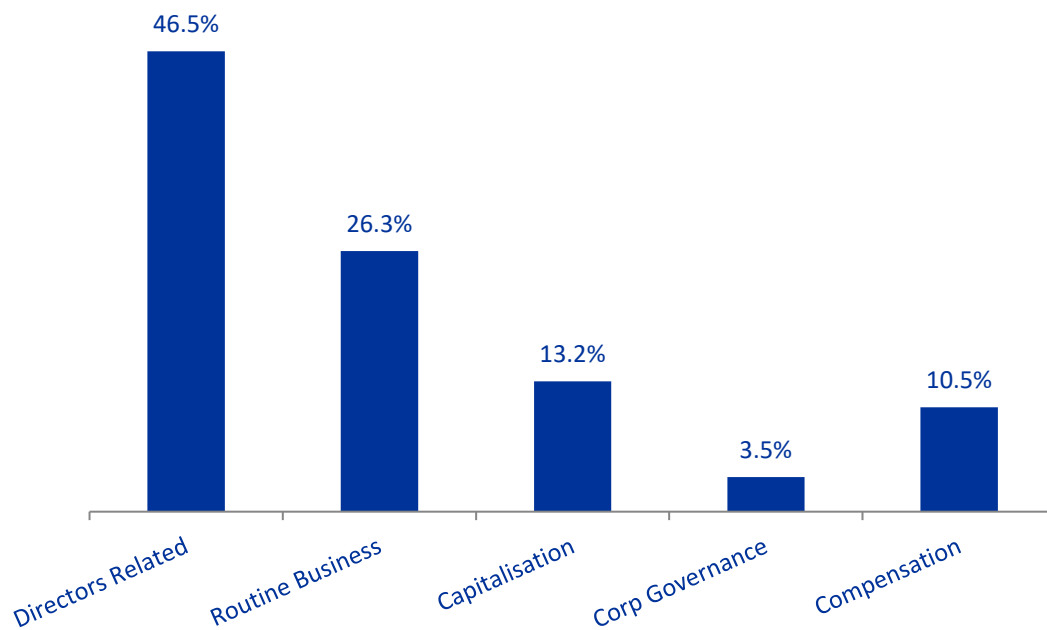
Total meetings available	=	10
Meetings instructed	=	10
Number of resolutions	=	114
Did not vote	=	0

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

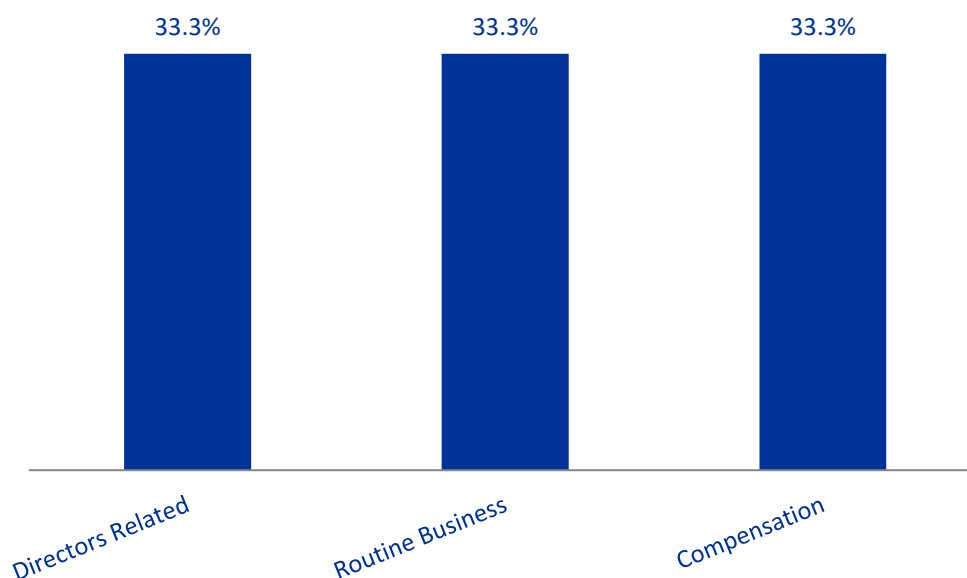
Vote Instructions



Breakdown of Resolutions



Breakdown of Votes Against Management



Commentary on voting against management

There were 3 votes against management in Q3 2022.

BT Group – Approve Remuneration Report

The company has made an adjustment to the LTIP for the extra capex the company did not foresee at the time the LTIP was approved. This along with many of the previous issues regarding remuneration, previously raised with the company, remain outstanding. These include:

- 1) Use of adjusted FCF and adjusted EBITDA metrics
- 2) Continued large, adjusted factors

Jet2 – Accept Financial Statements and Statutory Reports

We voted against this resolution because there is insufficient independent representation on the Board; The Executive Chair sits on the Remuneration Committee; and Options granted under the Share Reward Plan vest subject to continued employment only.

Jet2 – Re-elect Mark Laurence as Director

We voted against this resolution because a potential independence issue has been identified and the Audit and Remuneration Committees do not adhere to UK best practice recommendations for a company of this size.

Commentary on voting against ISS

There were 3 votes against ISS in Q3 2022.

BT Group – Approve Remuneration Report

The company has made an adjustment to the LTIP for the extra capex the company did not foresee at the time the LTIP was approved. This along with many of the previous issues regarding remuneration, previously raised with the company, remain outstanding. These include:

- 1) Use of adjusted FCF and adjusted EBITDA metrics
- 2) Continued large, adjusted factors

AO World – Approve Remuneration Policy

We voted with management because we feel the targets were stretching and aligned with our interests.

AO World – Approve Bundled Compensation Plans

We voted with management because we feel the targets were stretching and aligned with our interests.

Engagement Report

During the quarter we accelerated our activity on the engagement campaigns that we set for the year. These are focused on achieving thirty percent female representation on boards, as well as effective disclosure of greenhouse gas emissions, and a science-based Net Zero target.

Thirty percent female representation on Boards

With a 75% response rate, we were encouraged by the level of interaction and feedback with our investee companies on the topic of female representation on their Boards. With 11 of the 23 investee companies within our Global Fund not yet meeting a target of 30% we engaged with 8 of them during the quarter. We learnt that several companies are either close to this objective, actively looking to address the issue in the natural cycle of board turnover or improving and leading within regions where average representation is far below the target, for example in Japan. For these reasons, we have not adopted a blanket approach to voting on this issue, instead continuing to push on collaborative discussions and providing feedback on voting decisions and timeframes for progress. We provide detail on individual engagements below.

Alibaba

Our objective was to set our expectation to see 30% female representation on their board and to understand their stance on this. We sent a letter on 2 August outlining our desire to see their female board representation increase from 20% to 30%. We received a response 2 days later on 4 August announcing that they had appointed 2 new board members, effective 4 August, one of which was female. This took their total to 3 females or 25% of the 12-person board. This evolved to 3 of 11 or 27% in September. In light of this interaction and progress on the topic, in September, we voted for an incumbent member of the nomination committee, despite not reaching the formal 30%. We will maintain dialogue with the company on the topic, with the intention of engaging on this formally once a year.

LG H&H

Our objective was to open dialogue with the company, outlining our expectation of change in the medium term. We sent a letter in July acknowledging that women make up 14% of their Board, and stating our expectation for this to increase. We highlighted its particular importance based on the significant female make-up of their customer base, alongside growing female purchasing power. We have yet to receive a response from the company but note a number of diversity initiatives outlined in their most recent sustainability report. We are mindful of the broader context in South Korea with average female board representation of 4% in 2021. This will influence our timeframes and expectations for change. Our next step is to address the topic and better understand their initiatives in more detail in Q4 during a broader discussion with IR.

Mitsubishi Heavy Industries

Our objective was to follow up on conversations on board diversity that began in 2021. In that time, we have seen progress from 0 to 2/12 women on the board. We had a discussion with the CEO in February 2022, which we followed up on with a letter in July, stating our expectation of 30% representation. This was acknowledged and we agreed to discuss the issue further with the CEO in person later this year. When we met again with the CEO in September, he explained that achieving

30% female board representation is challenging given that middle management also lacks female representation. Therefore, as a first step, the company is aiming to promote more women to managerial roles, and this is an initiative that he is involved in personally. We look forward to learning of their progress in our regular updates with the company.

Mitsubishi UFJ Financial Group

Following previous interaction on board related issues, our objective was to bring attention to the specific objective of greater female representation on their board. We addressed this during a call with the CFO in July 2022, outlining the importance of increasing female board representation from 25% to 30%. We acknowledged that 25% is significantly higher than Japan's current average of 8% however as a leader, we encouraged them to make progress ahead of the 2030 regulatory deadline. We will continue to discuss their approach to progress in our discussions with them, in the normal course of business.

Nomura

We sent a letter to management in July 2022 to outline our expectation of increasing female representation on the board to 30%. We received a written response from CEO Mr Okuda in August 2022 expressing his agreement, highlighting their membership of Japan's 30% Club and his belief in the benefit of greater female representation to enhancing governance across the firm. We were encouraged by the response and will continue to engage on progress in the normal course of business. We note the evolution from 1 female member (9%) in 2016 to 2 (20%) in 2018, to 3 of 12 members (25%) in 2021.

Porsche SE

With an understanding of the unusual makeup of the board and the strong influence of the Porsche family, we wrote to IR in July 2022 to acknowledge their current level of 10% female representation on the Supervisory Board and to understand their ambitions related to board diversity. We held a follow-up conversation with the team in August where we discussed that they had recently achieved targets set for themselves this year. These included 25% female representation for senior management at level 1 (achieved at 40%), as well as level 2 (achieved at 25%). Their expectation is that targets will evolve on a 5-year cycle, however they are mindful of market expectation, and open to ongoing conversations with investors. We will maintain dialogue with the company on the topic, with the intention of engaging on this formally once a year.

Samsung Electronics

With the background that Samsung Electronics have had significant governance related issues concerning their board members, we sent a letter to IR in September outlining an expectation for their board diversity to improve to include greater female representation, from the current level of 11% towards 30% over the medium term. We are yet to hear back from the company. Once more, we acknowledge the country average of 4% and will continue engagement efforts over time, with this in mind.

Southwest Airlines

With the objective of opening dialogue on the topic, we sent a letter in July 2022, with a response received in September confirming our feedback had been shared with the Board and Corporate Secretary. They outlined the appointment of 3 male board members in 2022, alongside the retirement of a female member which took representation down from 30% to 15%. They shared that the Committee is in the process of evaluating near and longer-term Board composition. We have identified a particularly relevant female board member who supports building diversity in her broader professional capacity and will monitor efforts made and progress over time, with this in mind.

Climate Engagement

This quarter we engaged with 10 of our investee companies on climate related issues. We focused our attention on the 5 companies that have yet to make a public commitment to Net Zero by 2050, including NOV and Samsung Electronics. Subsequently, we turned our attention to targets that are not yet science-based, and in this second category we prioritised the companies with the highest impact on real world emissions, or where we believe we can add value. These included Southwest Airlines and MUFG.

Alibaba

As a new engagement, we spoke to IR in September to understand when their formal commitment to SBTi would evolve to verified science-based targets. They confirmed that following their commitment, they are within the 24-month period that allows for the preparation and submission of targets for validation. They outlined that they are focused on continuing to improve their carbon accounting methodologies and evaluating their GHG patterns in order to better understand the potential for reduction. We are reassured by the level of attention and commitment to the topic and will monitor progress through the pending verification of their targets.

Citigroup

We engaged with IR in August 2022 with the objective of better understanding the science-based nature of their targets and third-party approval of these. We are encouraged by their membership to the Net Zero Banking Alliance (NZBA), which stipulates that after joining, banks have 18 months to set science-based targets for carbon reduction that focus on the most GHG-intensive sectors, to be met by 2030 (or sooner), with further sector targets to be set within 36 months of joining. We will monitor the announcement of these, in line with progress across the sector.

ENI

ENI is a CA100+ target and have made strong progress in recent years, satisfying most objectives set for them. As an energy company however, they are a significant contributor to our overall portfolio emissions and with this in mind we engaged with IR in September to better understand progress on areas outstanding from their Climate Action 100+ commitments. We were particularly interested in the disclosure and alignment of their lobbying activities, following their commitment to conduct these in line with the goals of the Paris Agreement. This engagement is currently ongoing.

Lloyds Banking Group

We engaged with IR in August 2022 with the objective of better understanding the science-based nature of their targets and third-party approval of these. As with Citigroup, we are encouraged by their membership to the Net Zero Banking Alliance (NZBA), which stipulates that after joining, banks have 18 months to set science-based targets for carbon reduction that focus on the most GHG-intensive sectors, to be met by 2030 (or sooner), with further sector targets to be set within 36 months of joining. We will monitor the announcement of these, in line with progress across the sector.

NOV Inc

We held a detailed conversation in August with the Head of IR which allowed us to better understand how NOV are approaching the energy transition and their focus on offshore wind. During the conversation and in subsequent engagement, we acknowledged that NOV has an important opportunity to support the energy transition through partnership with their clients to both reduce emissions today, as well as provide the expertise to transition to renewables over time. However, without explicit high-level commitment to the energy transition (through a net zero pledge) and improved disclosure around the strategy and extent of these activities, investors are challenged to sufficiently quantify both the extent of the opportunity, and the likelihood of NOV meeting it. We called therefore for greater disclosure including a public commitment to net zero by 2050, supported by science based short- and medium-term interim targets, as well as reporting in line with TCFD requirements. We understood that our feedback was shared with the board, and we consider further engagement in the near-term a priority in order to understand how this is being taken forward.

Porsche SE

We held an initial discussion with the Head of IR in August 2022, during which he outlined Porsche SE's full support of VW's net zero targets, which are SBTi approved. highlighted that they are currently in discussions with third party ESG ratings providers to find the best approach to analyse Porsche SE individually, as a holding company.

Samsung Electronics

Following our initial engagement with IR in May 2021 where they outlined that the company's domestic emissions were highly dependent on the energy mix and speed of decarbonising at the country level, we re-engaged in August 2022 to request an update based on their lack of net zero target, despite formal targets set by the Korean government and progress made by Korea Electric Power. Whilst we are yet to hear back from the company directly, we were pleased to see the publication of an updated environmental strategy in September, central to which was a commitment to net zero (scopes 1 & 2) across all global operations by 2050. With several initiatives included to support progress to this target, we will continue to monitor this over time.

Broader Governance

East Japan Railway

As part of an ongoing governance engagement, during an in person meeting with President Fukasawa in September, we reiterated that we would like the company to reduce cross shareholdings and asked if there was a target level and timeframe for this. He responded that where JR East has strategic relationships with a company, they intend to continue holding or even increasing their stake. We responded that we believed they could develop relationships with corporates without having to own their shares and we articulated that the rate of progress is slow, and the accumulation of shares is disappointing and contrary to the Corporate Governance Code. In addition, we reiterated that we encourage JR East to increase the number of female directors. The President said that they are trying to identify and promote internal female candidates and that they are looking to hire more women at entry level, but progress takes time. We also urged the company to increase the number of outside directors (currently 4) to a majority. The President noted our request although we note that there does not seem to be a strong intention to achieve this. We will persevere through engagement, with our consistent message, to encourage change.