Stewardship activities in Q2 2019

ACTIVISION BLIZZARD

Conference call with Justin Brown, Vice President – Compensation, and Katy Murray, Vice President – Securities and Corporate Governance

Issues: Governance – board structure and independence, succession planning

We discussed succession planning issues, in particular with regards to the independence of directors and over-boarding. We also highlighted our concerns that the Chair of the Audit Committee is not independent, having served on the board for more than 20 years. The company does therefore not have a fully independent audit or remuneration committee, which in our view is critical to ensure a robust oversight of management and for designing appropriate incentive structures. We also discussed the effectiveness of the board and how the company is assessing this. The company stated that this is assessed on an annual basis and one of the measures in addressing the entrenchment of the board is ensuring that non-executive directors are meeting regularly independently of management. We will continue to engage with the company particularly on succession planning issues.

ARCELORMITTAL SA

Attended AGM and group meeting with Lakshmi Mittal, Chair and CEO, Brian Aranha, Executive Vice President, and other senior employees

Issues: Environmental, governance – climate change, lobbying disclosure

We attended ArcelorMittal's AGM in Luxembourg in May to make a statement and ask questions with the other lead investors of the Climate Action 100+ working group. Our questions focussed on what actions the company will take if it identifies material misalignment between its policy on climate change and that of the trade associations of which it is a member. Additionally we asked whether the company would commit to setting science-based targets. Mr Mittal would not commit to taking action if material misalignment was identified, but said the company would consider the next steps once the review of their trade association memberships had been conducted. With regards to setting targets, he committed to setting a 2030 target in 2020, but said further progress needed to be made with the methodology before the company could set a science-based target. Other investors from the Climate Action 100+ group asked whether Mr Mittal would join the Energy Transition Commission (ETC) and would the company conduct scenario analysis in line with the goals of the Paris Agreement. Mr Mittal confirmed ArcelorMittal would join the ETC and the Climate Action Report would include scenario analysis. These points were discussed in more detail in a private meeting with Mr Mittal and senior executives following the AGM.

EXXONMOBIL CORPORATION

Letter to Neil Hansen, Company Secretary, explaining our voting decisions at 2019 AGM

Issues: Environmental, governance – climate change

The lead investors of the Climate Action 100+ working group for ExxonMobil, New York State Common Retirement Fund and the Church Commissioners for England, filed a shareholder resolution in 2018. The resolution asked ExxonMobil to disclose short, medium and long-term greenhouse gas targets that are aligned with the Paris Agreement. As we agreed with the importance of this additional disclosure, we co-filed this resolution in December 2018. ExxonMobil asked the SEC for, and was granted, 'no action' relief and so did not include the resolution on its 2019 ballot. We decided to vote at the 2019 AGM against the re-election of all non-executive directors as we did not feel they have appropriately represented shareholder concerns regarding climate change and the risks this poses for the company. In addition, we supported a shareholder resolution asking for an independent Chair of the Board as we believe that the company's unsatisfactory handling of the Climate Action 100+ shareholder proposal, including the decision to seek no-action relief from the SEC, and slow progress of the engagement with Climate Action 100+ are intrinsically linked to poor governance and that this resolution is the best way for investors to call for change at the company. We also supported shareholder resolutions asking for a board committee to assess social and environmental issues and for additional disclosure of the company's lobbying activities. Prior to the AGM, we wrote to Neil Hansen, Company Secretary, to explain why we had voted in this way, so the company understood why we were both frustrated and concerned about their approach to climate change. Our stewardship activities are on-going.

GENERAL MOTORS COMPANY

Conference call with Stephanie Mould, Investor Relations – Senior Manager, Sharon Basel, Sustainability – Senior Manager, and Scott Cross, Corporate Governance – Manager

Issues: Environmental, governance – fuel economy and emissions standards, board structure, succession planning and lobbying disclosure

We discussed how the transition to an all-electric future is progressing, and while it is encouraging to hear that the company's leadership are fully behind this transition, there is currently not sufficient disclosure to assess whether the company will comply with the emissions and fuel economy standards. We raised the issue of board tenure and what succession plans are in place, while acknowledging that there have been a number of new members in recent years. The company pointed out that they value having a board with a range of experience and that the board members with a longer tenure are providing continuity which is important given the company is going through significant changes. We discussed the issue of an independent Chair of the Board, where we stressed that in most situations we think it is important to ensure the board provides a robust counterbalance to and oversight of management, but we do appreciate that Mary Barra's leadership has ensured the company has acted decisively in difficult circumstances. The company said that it is likely the roles would be split in the future. On the topic of lobbying disclosure, the corporate governance team at General Motors are conducting a review and will be providing more information to investors later this year.

GOLD FIELDS LIMITED

Meeting with Andrew Parsons, Vice President Group Sustainable Development, and Thomas Mengel, Investor Relations Manager

Issues: Environmental, social, governance – greenhouse gas emissions reduction targets and tailings dams, employee relations, lobbying disclosure

We spoke at length with the company about its emissions reduction targets, focusing on both its absolute emissions and emission intensity in 2018, and its targets for 2019 and 2020. Given the company operates in regions where electricity supply from local grids is often unreliable, at a number of mines it makes economic, as well as environmental, sense to install renewable energy generation capacity such as solar panels. The topic of long-term targets was also discussed, with the company saying that their preference is to set shorter-term targets given their engineering focus. We pushed the company to consider setting a long-term ambition, in addition to short-term targets. With regards to its tailings dams, the company said that it had received the letter from the Church of England Pension Board and the Swedish National Pension Funds Council of Ethics, which Ruffer had signed, and it would be providing the information requested in due course.

Due to recent strikes at some of the company's operations we spoke about how the company has liaised with local and national unions, and been working to further improve the relationship with its employees. It fully appreciated this was a fundamental part of its 'social license to operate'. We also discussed the company's membership of trade associations and how this process is governed. Although there was a review in 2013, which resulted in the company leaving a number of trade associations, there is no systematic process in place.

IMPERIAL OIL LIMITED

Climate Action 100+ group conference call with Dave Hughes, Investor Relations Manager, and Susan Nakagawa, Sustainability Manager

Issues: Environmental, governance – climate change and lobbying disclosure

We discussed the company's Energy and Carbon Summary report which was published in April 2019 and includes a number of climate scenarios, based on ExxonMobil's analysis. However, a 1.5 degrees Celsius scenario is not included and therefore we felt that the scenarios weren't sufficiently stretching and so investors did not have important information about the company's resilience in such a scenario. In addition, the company does not report scope 3 emissions[1]. On the topic of disclosure of trade association memberships, the company has made no material progress in releasing a report of its memberships, and so we stressed the importance of this for shareholders. Overall, we are disappointed with the progress Imperial Oil has made over the last year. Particularly in relation to its disclosure of its trade association memberships and how climate-related risks are managed internally, including how its internal carbon price and scenario analysis are used in making investment decisions. Our investment process is collaborative, with decisions based on both fundamental and ESG analysis, and so this lack of progress was one of the reasons that we decided to reduce our holding in the company. Consequently, we will no-longer be co-leading the engagement with Imperial Oil for the Climate Action 100+ initiative.

1 Scope 3 emissions, as defined by the Greenhouse Gas Protocol, are all the indirect emissions, except purchased heat and electricity, that occur in the value chain of the reporting company, including both upstream and downstream emissions

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Conference call with Paul Walker, Chair of Remuneration Committee

Issues: Governance – remuneration

We engaged on the upcoming remuneration policy change specifically around the time horizon of long-term incentives and the way the company selects its peers and chooses its performance measures. The company did not significantly change its proposed remuneration policy following this discussion and so we are now considering how to vote at the AGM.