

# Stewardship activities in Q4 2019

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## KINROSS

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### KINROSS GOLD

Meeting with Catherine McLeod-Seltzer, Chair of the Board, Geoff Gold, Executive Vice President, Corporate Development, External Relations & Chief Legal Officer, and Tom Elliott, Senior Vice President, Investor Relations and Corporate Development

Issues: Environmental, social and governance – tailings dams, board structure, remuneration and takeover defence measure

On the issue of tailings dams, we explained that we are a signatory to the Mining and Tailings Safety Initiative and thanked the company for its response. We wanted to understand in more detail the changes the company has made to its monitoring of tailings dams, including expanding the independent third party review from a single expert to a panel of three experts. We also discussed the importance of company culture in ensuring that potential issues are monitored and reported immediately to the appropriate person so that, if at all possible, catastrophic events are avoided. The company responded that no changes have been necessary, as it already has a culture of

corporate responsibility and transparency but it acknowledged the importance of continuous improvement. We pushed the company on the issue of board structure, specifically the tenure of directors and its succession plans. While we recognised that progress has been made in refreshing most board members in recent years, we expressed our concern that the Chair of both the Audit and Risk Committees is not deemed to be independent due to the length of time he has served on the board. We are satisfied that he will retire in 2020 and his successor, who has already been found, will be announced soon. We also discussed the progress that has been made in improving the diversity of the board, both in terms of gender and range of experience. Given the significant vote against the company's approach to executive compensation at the 2019 AGM, we discussed what the company has done to reach out to shareholders and the size of the reduction in remuneration. On the issue of the takeover defence measure, we focussed on the jurisdictional differences and why the company thinks this measure is justified.



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## FOOT LOCKER

Conference call with Dona Young, Lead Director, and Sheilagh Clarke, General Counsel

Issues: Environmental, governance – carbon footprint, board effectiveness and independence

We discussed succession plans with Foot Locker. The company responded that it will refresh the board over the next three years as a number of directors are retiring, and it is aiming to lower the median age of the board as well as to add more directors with digital commerce skills. We highlighted how we define independent non-executive directors including a tenure of less than nine years, and the company responded that it applies the US threshold of an age limit of 72 years instead of a tenure limit. On board effectiveness, each year the company conducts surveys on the effectiveness of its board and committees and a full assessment of each board member was conducted by an external party two years ago. We encouraged the company to continue having external board effectiveness assessments. In terms of the carbon footprint of its products, Foot Locker is working with its suppliers, who manufacture the majority of its products, as well as focusing on reducing the environmental impact of its stores, such as by using more efficient lightbulbs and improving waste and recycling.



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## LIVENT

Conference call with Daniel Rosen, Investor Relations

Issues: Environmental – policy formation and data disclosure, water consumption

Following the separation of Livent from FMC Corporation in late 2018, Livent has been focusing on defining specific policies and key performance indicators for management. The company is in a monitoring phase, with specific metrics being fed back to the sustainability committee. Data sets will be disclosed in the first half of 2020 and the company has also conducted a life cycle analysis of its products. We encouraged the company to respond to the ESG data providers, which the company confirmed it will do in 2020. We raised the issue of water consumption, which is a significant consideration given the locations in which the company operates, and discussed how it is developing technology to reduce the amount of water required in its production processes.



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## NEWMONT GOLDCORP

Meeting with Tom Palmer, President & CEO, and Nancy Buese, Executive Vice President & CFO

Issues: Environmental and social – community relations, tailings dams

We spoke about the company's philosophy to building sustainable relationships with the communities surrounding its mines, and how it has learnt lessons from the past. Given the recent merger with Goldcorp, we discussed how management are implementing this philosophy across the mines previously managed by Goldcorp and the improvements that have occurred since. On the issue of tailings dams, we pushed the company to widen its disclosure to encompass the mines previously managed by Goldcorp which it confirmed it would do in early 2020. We stressed the importance of this issue to investors and were encouraged by the steps being taken by the company, including senior management visiting the tailings dams and the additional action to ensure the stability of the structures.

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## VALARIS

Conference call with Thomas Burke, CEO, Carl Trowell, Executive Chair of the Board, and William Albrecht, Non-Executive Director

Issues: Governance – board structure, remuneration

Valaris, formed from the merger of EnSCO and Rowan in 2019, currently has a mixed board of former directors and non-executive directors from each entity. On the topic of succession plans, we acknowledged the progress made by the board in refreshing its members and spoke about the importance of having diverse experience and skillsets on the board. The company has appointed two new directors who both have financial expertise, formed a formal finance committee and announced that two directors are retiring and another will not stand for re-election at its AGM in 2020. In addition, the Chair's contract ends in October 2020 and the board is aiming to appoint a fully independent Chair and wishes to further improve the board's diversity. On remuneration, the company is currently reviewing its annual incentive plan and long-term incentive plan (LTIP). On the LTIP, we encouraged the company to improve the alignment with shareholders by including more stock-based, rather than cash-based, remuneration, and explained why we would like a free-cash-flow metric to be considered. On the management of sustainability and safety issues, Valaris has a committee with oversight of its sustainability, and is focusing on operational safety, minimising the risk of spills, driving exhaust emissions lower and incorporating sustainability into its capital allocation process.