

# Implementation Statement, covering the Fund Year from 1 January 2020 to 31 December 2020

The Trustee of the Cereal Partners UK Pension Fund (the “Fund”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Fund Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

## 1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Fund Year.

The Trustee has, in its opinion, followed the Fund’s voting and engagement policies during the Fund Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took a number of steps to review the Fund’s new and existing managers and funds over the period, as described in Section 2 (Voting and engagement) below.

## 2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Fund’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement. For example, in August 2020 LCP provided the following update to the Trustee on its view of the Fund’s passive equity manager: *“It also redefined its climate impact pledge bringing forward its goal for investee companies to be net-zero emitters to 2050. That has been a key engagement topic for 2020 along with land use, deforestation and – in response to the COVID crisis – companies’ balance between employees / suppliers and dividends.”* The Trustee noted this update and no further action was taken.

In March 2020, the Trustee reviewed LCP’s responsible investment (RI) scores for the Fund’s existing managers and funds, along with LCP’s qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP’s ongoing manager research programme and it is these that directly affect LCP’s manager and fund recommendations. The manager scores and red flags are based on LCP’s Responsible Investment Survey 2020.

The Trustee was satisfied with the results of the review and no further action was taken.

In November 2020, the Trustee invited Legal & General Investment Management (“LGIM”), the Fund’s existing equity and bond manager, to present to the Trustee about a new Low Carbon Transition equity fund. As part of this presentation, the Trustee reviewed information provided by LGIM about voting and engagement activities undertaken on its behalf.

## 3. Description of voting behaviour during the Fund Year

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Fund Year.

In this section we have sought to include voting data on the Fund’s funds that hold equities as follows:

- LGIM UK Equity Index Fund (hedged and unhedged shareclasses);
- LGIM Europe (ex UK) Equity Index Fund (hedged and unhedged shareclasses);
- LGIM North America Equity Index Fund (hedged and unhedged shareclasses);
- LGIM Japan Equity Index Fund (hedged and unhedged shareclasses);
- LGIM Asia Pacific (ex Japan) Developed Equity Index Fund (hedged and unhedged shareclasses);
- LGIM World Emerging Markets Equity Index Fund;
- Baillie Gifford Multi Asset Growth Fund; and

- Ruffer Absolute Return Fund.

The Trustee has sought to obtain the relevant voting data for Sections 3.2 and 3.3, from all of the investment managers listed above. The Trustee has not included details of any significant votes for the LGIM World Emerging Markets Equity Index Fund, as LGIM said there were no significant votes made in relation to the securities held by this fund during the reporting period.

In addition to the above, the Trustee contacted the Fund's other asset managers that don't hold listed equities, to ask if any of the assets held by the Fund had voting opportunities over the period. None of the other pooled funds that the Fund invested in over the Fund Year held any assets with voting opportunities.

### 3.1 Description of the voting processes

#### 3.1.1 LGIM

In response to the Trustee's questions, LGIM provided the following wording to describe its voting practices.

##### What is your policy on consulting with clients before voting?

*LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.*

*Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.*

##### Please provide an overview of your process for deciding how to vote.

*All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.*

##### How, if at all, have you made use of proxy voting services over the year to 31 December 2020?

*LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.*

*To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.*

*We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.*

##### What process did you follow for determining the "most significant" votes?

*In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:*

- *High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;*

- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

### 3.1.2 Baillie Gifford

In response to the Trustee's questions, Baillie Gifford provided the following wording to describe its voting practices.

What is your policy on consulting with clients before voting?

*All voting decisions are made by our Governance & Sustainability team in conjunction with investment managers. We do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then we will engage with them on this. If a vote is particularly contentious, we may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.*

Please provide an overview of your process for deciding how to vote.

*Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our Governance and Sustainability team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our Governance & Sustainability Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets.*

How, if at all, have you made use of proxy voting services over the year to 31 December 2020?

*Whilst we are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies. We also have specialist proxy advisors in the Chinese and Indian markets to provide us with more nuanced market specific information.*

What process did you follow for determining the "most significant" votes?

*The list below is not exhaustive, but exemplifies potentially significant voting situations:*

- Baillie Gifford's holding had a material impact on the outcome of the meeting
- The resolution received 20% or more opposition and Baillie Gifford opposed
- Egregious remuneration
- Controversial equity issuance
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
- Where there has been a significant audit failing
- Where we have opposed mergers and acquisitions
- Where we have opposed the financial statements/annual report
- Where we have opposed the election of directors and executives.

### 3.1.3 Ruffer

In response to the Trustee's questions, Ruffer provided the following wording to describe its voting practices.

What is your policy on consulting with clients before voting?

*Ruffer, as a discretionary investment manager, does not have a formal policy on consulting with clients before voting. However, we can accommodate client voting instructions for specific areas of concerns or companies where feasible.*

Please provide an overview of your process for deciding how to vote.

*Ruffer has internal voting guidelines as well as access to proxy voting research, currently from Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares. Research analysts are responsible, supported by our responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based upon their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer. We look to discuss with companies any relevant or material issue that could impact our investment. We will ask for additional information or an explanation, if necessary, to inform our voting discussions. If we decide to vote against the recommendations of management, we will endeavour to communicate this decision to the company before the vote along with our explanation for doing so.*

*Collaborative engagement can also provide a platform to engage on wider sector, regulatory and policy matters with investors and other stakeholders. Ruffer is open to working alongside other investors on both policy and company specific matters. The decision to collaborate on company specific matters will be judged on a case-by-case basis by the responsible investment team with input from research analysts and portfolio managers as well as the legal and compliance teams (taking in consideration the UK concert party rules (and overseas equivalents)).*

*Ruffer engages regularly with the Investment Association and the Institutional Investor Group on Climate Change (IIGCC). Through our commitment to Climate Action 100+ we have collaborated extensively with other investors or asset owners engaging with a number of European and American companies, including making statements at AGMs and co-filing shareholder resolutions.*

How, if at all, have you made use of proxy voting services over the year to 31 December 2020?

*Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS).*

*We have developed our own internal voting guidelines, however we take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares.*

*Each research analyst, supported by our responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.*

*As discussed above, we do use ISS as an input into our decisions. In the 12 months to 31 December 2020, of the votes in relation to holdings in the Ruffer Absolute Return Fund we voted against the recommendation of ISS over 7.9% of the time.*

What process did you follow for determining the "most significant" votes?

*We have defined 'significant votes' as those that we think will be of particular interest to our clients. In most cases, these are when they form part of continuing engagement with the company and/or we have held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and our internal voting guidelines.*

### 3.2 Summary of voting behaviour over the Fund Year

A summary of voting behaviour over the period is provided in the following tables.

Manager name	LGIM	LGIM	LGIM	LGIM
Fund name	UK Equity Index Fund	Europe (ex UK) Equity Index Fund	North America Equity Index Fund	Japan Equity Index Fund
Total size of fund at end of reporting period	£21,851.8m	£18,158.0m*	£57,893.2m*	£10,403.6m*
Value of Fund assets at end of reporting period (£ / % of total assets)	£22.1m / 7.2%	£16.2m / 5.3%*	£16.7m / 5.4%*	£10.5m / 3.4%*
Number of holdings at end of reporting period	597	458	644	513
Number of meetings eligible to vote	894	635	804	547
Number of resolutions eligible to vote	12,468	10,402	9,634	6,538
% of resolutions voted	100.00%	99.88%	100.00%	100.00%
Of the resolutions on which voted, % voted with management	93.12%	84.19%	72.31%	86.68%
Of the resolutions on which voted, % voted against management	6.87%	15.47%	27.65%	13.32%
Of the resolutions on which voted, % abstained from voting	0.01%	0.35%	0.04%	0.00%
Of the meetings in which the manager voted, % with at least one vote against management	3.24%	4.46%	7.68%	5.64%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.77%	0.32%	0.28%	0.24%

\* Sum of the GBP-hedged and unhedged share classes in which the Fund invests

Manager name	LGIM	LGIM	Baillie Gifford	Ruffer
Fund name	Asia Pacific (ex Japan) Developed Equity Index Fund	World Emerging Markets Equity Index Fund	Multi Asset Growth Fund	Absolute Return Fund
Total size of fund at end of reporting period	£7,893.4m*	£7,671.8m	£2,279.1m	£4,650.2m
Value of Fund assets at end of reporting period (£ / % of total assets)	£6.5m / 2.1%*	£4.4m / 1.4%	£29.6m / 9.7%	£30.6m / 10.0%
Number of holdings at end of reporting period	397	1,856	69	92
Number of meetings eligible to vote	515	3,778	64	84
Number of resolutions eligible to vote	3,634	34,537	696	1,074
% of resolutions voted	100.00%	99.87%	95.98%	97%
Of the resolutions on which voted, % voted with management	73.20%	85.53%	90.27%	90%
Of the resolutions on which voted, % voted against management	26.77%	12.99%	7.93%	9%
Of the resolutions on which voted, % abstained from voting	0.03%	1.48%	1.80%	1%
Of the meetings in which the manager voted, % with at least one vote against management	10.13%	4.90%	23.44%	39%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.17%	0.02%	N/A	7.9%

\* Sum of the GBP-hedged and unhedged share classes in which the Fund invests

### 3.3 Most significant votes over the Fund Year

Commentary on the most significant votes over the period, from the Fund's asset managers who hold listed equities, is set out below.

#### 3.3.1 LGIM

As the Fund's LGIM passive equity portfolio consists of six different regional equity funds, the Trustee has included one significant vote from each of the underlying funds (with the exception of the World Emerging Market Equity Index Fund, for which LGIM was unable to provide details of any significant votes). Where LGIM provided details of more than one significant vote for any of its regional equity funds, the Trustee selected the significant vote concerning the largest holding in the fund at 31 December 2020.

#### Barclays, May 2020 (UK Equity Index Fund)

##### Summary of resolutions, votes and outcomes

LGIM voted in favour of Resolution 29, to approve Barclays' commitment to tackling climate change, and in favour of Resolution 30, which was a ShareAction proposal for the bank to phase out financing for fossil fuels and non-Paris-aligned utility companies. Resolution 29 was passed with 99.9% approval, and Resolution 30 was supported by 23.9% of shareholders – enough to compel Barclays to formally respond to the proposal.

## LGIM commentary

*The hard work is just beginning. Our focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. We plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.*

*Since the beginning of the year there has been significant client interest in our voting intentions and engagement activities in relation to the 2020 Barclays AGM. We thank our clients for their patience and understanding while we undertook sensitive discussions and negotiations in private. We consider the outcome to be extremely positive for all parties: Barclays, ShareAction and long-term asset owners such as our clients.*

### **Lagardere, May 2020 (Europe (ex UK) Equity Index Fund)**

#### Summary of resolutions, votes and outcomes

Activist investor Amber Capital (which owned 16% of share capital at the time) proposed eight new directors to the Supervisory Board (SB) of Lagardere, and proposed to remove all but two of the incumbent directors. LGIM voted in favour of five of the Amber-proposed candidates and voted off five of the incumbent directors. All of Amber Capital's proposals were rejected, although the fact that they each received 30-40% support indicates that many shareholders have concerns with the board.

#### LGIM commentary

*Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. The company continues to have a commandite structure; a limited partnership, which means that the managing partner has a tight grip on the company, despite only having 7% share capital and 11% voting rights. LGIM engages with companies on their strategies, any lack of challenge to these, and with governance concerns. The company strategy had not been value-enhancing and the governance structure of the company was not allowing the SB to challenge management on this. Where there is a proxy contest, LGIM engages with both the activist and the company to understand both perspectives. LGIM engaged with both Amber Capital, where we were able to speak to the proposed new SB Chair, and also Lagardere, where we spoke to the incumbent SB Chair. This allowed us to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management.*

*LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.*

### **Amazon, May 2020 (North America Equity Index Fund)**

#### Summary of resolutions, votes and outcomes

LGIM voted in favour of ten of twelve shareholder resolutions. The resolutions concerned a range of issues including governance, remuneration and the environment. None of the resolutions passed, with the levels of support ranging from 1.5% to around 30%.

#### LGIM commentary

*Of 12 shareholder proposals, we voted to support 10. We looked into the individual merits of each individual proposal, and there are two main areas which drove our decision-making: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and governance structures that benefit long-term shareholders (resolutions 9 and 14).*

*In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting Amazon was on the front lines of a pandemic response. The company was already on the back foot owing to the harsh workplace practices alleged by the author of a seminal article in the New York Times published in 2015, which depicted a bruising culture. The news of a string of workers catching COVID-19, the company's response, and subsequent details, have all become major news and an important topic for our engagements leading up to the proxy vote. Our team has had multiple engagements with Amazon over the past 12 months. The topics of our engagements touched most aspects of ESG, with an emphasis on social topics:*

- *Governance: Separation of CEO and board chair roles, plus the desire for directors to participate in engagement meetings*

- *Environment: Details about the data transparency committed to in their 'Climate Pledge'*
- *Social: Establishment of workplace culture, employee health and safety. The allegations from current and former employees are worrying. Amazon employees have consistently reported not feeling safe at work, that paid sick leave is not adequate, and that the company only provides an incentive of \$2 per hour to work during the pandemic. Also cited is an ongoing culture of retaliation, censorship, and fear. We discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies. However, some of their responses seemed to have backfired. For example, a policy to inform all workers in a facility if COVID-19 is detected has definitely caused increased media attention.*

*The market attention was significant leading up to the AGM, with:*

- *12 shareholder proposals on the table the largest number of any major US company this proxy season*
- *Diverse investor coalitions submitting and rallying behind the proposals*
- *Substantial press coverage with largely negative sentiment related to the company's governance profile and its initial management of COVID-19*
- *Multiple state treasurers speaking out and even holding an online targeted pre-annual meeting investor forum entitled 'Workplace & Investor Risks in Amazon.com, Inc.'s COVID-19 Response'*

*Anecdotally, the Stewardship team received more inquiries related to Amazon than any other company this season.*

### **Fast Retailing Co. Limited, November 2020 (Japan Equity Index Fund)**

#### Summary of resolutions, votes and outcomes

LGIM voted against the resolution to re-elect director Tadashi Yanai, the founder, president and CEO of Fast Retailing. LGIM cited its desire to improve the board's gender diversity. The resolution was approved by shareholders and Yanai was re-elected.

#### LGIM commentary

*Japanese companies in general have trailed behind European and US companies, as well as companies in other countries in ensuring more women are appointed to their boards. A lack of women employed is also a concern below board level. LGIM has for many years promoted and supported an increase of appointing more women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director. We deem this a de minimis standard. Globally, we aspire to all boards comprising 30% women. In the beginning of 2020, we announced that we would vote against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for companies included in the TOPIX100 where these standards were not upheld. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to act on this issue.*

*LGIM will continue to engage with and require increased diversity on all Japanese company boards, including Fast Retailing.*

### **Qantas Airways Limited, October 2020 (Developed Asia Pacific (ex Japan) Equity Index Fund)**

#### Summary of resolutions, votes and outcomes

LGIM voted against Resolution 3, to approve the participation of Alan Joyce, the CEO of Qantas, in the firm's Long Term Incentive Plan remuneration structure. LGIM supported Resolution 4, to approve the firm's Remuneration Report. Both resolutions were passed with a significant majority of shareholder support.

#### LGIM commentary

*The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, sacked employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as we wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. In collaboration with our Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express our concerns and understand the company's views. The voting decision ultimately sat with the Investment Stewardship team. We supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision*



*to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, our concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. We voted against resolution 3 to signal our concerns.*

*About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration, in our view. We will continue our engagement with the company.*

### **3.3.2 Baillie Gifford**

Baillie Gifford provided details of ten significant votes from four shareholder meetings, and the Trustee has included details of each of the four meetings below.

#### **EDP Renovaveis, March 2020**

##### Summary of resolutions, votes and outcomes

Baillie Gifford opposed the election of a director, citing a lack of independence and diversity on the board. The resolution was passed.

##### Baillie Gifford commentary

*We have taken action on the election of directors at the company since the 2018 AGM. Our concerns are regarding the attendance record of some directors, a lack of board independence and diversity. We have spoken to the company a number of times regarding these concerns and continue raise the issue and take action where possible. As the company has an 82% controlling shareholder, our ability to influence is limited, however we believe it important to hold the board accountable for our concerns.*

#### **Covivio REIT, April 2020**

##### Summary of resolutions, votes and outcomes

Baillie Gifford opposed five resolutions relating to the performance incentive scheme, citing fears that it could lead to rewarding underperformance. The resolutions were all passed.

##### Baillie Gifford commentary

*Following the AGM in 2020, we informed the company of our voting decision and advised that we expect more stretching performance criteria to apply to long term incentives going forward. We have yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action.*

#### **Gecina, April 2020**

##### Summary of resolutions, votes and outcomes

Baillie Gifford opposed three resolutions relating to remuneration due to concerns that pay and performance were not sufficiently aligned. The resolutions were all passed.

##### Baillie Gifford commentary

*We have been opposing remuneration at the company since 2017 due to concerns with the targets applied to the restricted stock plan. We are yet to see improvements in the remuneration plan however continue to engage with the company to advise of areas for improvement.*

#### **Merlin Properties, June 2020**

##### Summary of resolutions, votes and outcomes

Baillie Gifford opposed a resolution to approve the remuneration report because of concerns with the levels of executive pay.

## Baillie Gifford commentary

*We have been opposing remuneration at the company since 2017 and engaging with the company on the issue. In 2020, we saw significant improvements in the company's remuneration policy which is a positive outcome.*

### **3.3.3 Ruffer**

Ruffer provided details of fifteen significant votes from thirteen shareholder meetings. The Trustee has included details of the significant votes concerning the five largest of the thirteen holdings reported on by Ruffer, at the time of each of the votes.

#### **Walt Disney, March 2020**

##### Summary of resolutions, votes and outcomes

Ruffer voted for a shareholder resolution requesting existing disclosures on lobbying activities and the company's membership of trade associations, as part of an ongoing engagement with the company. The proposal failed with 65.7% votes against.

##### Ruffer commentary

*Our internal voting policy states that companies should be transparent about the use of political and lobbying organisations to further their own objectives. We support resolutions that aim at increased disclosure and transparency of these payments. We voted for a shareholder resolution in 2018 and 2019 requesting additional disclosure on lobbying and the company's memberships of trade associations. While the company has responded to these resolutions by increasing its disclosure, this only includes trade associations based in the US. As the framework has been established, and the analysis already conducted for these associations, we do not think it is onerous for the company to expand this to cover all trade associations of which it is a member. We stated this clearly to the company and supported the shareholder resolution in 2020.*

#### **Cigna, April 2020**

##### Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of six non-executive directors, due to concerns about their lack of independence. The re-election proposals passed with a range of 96-99% shareholder approval.

##### Ruffer commentary

*Taking into account the average tenure of members of the board, the regions in which the company is domiciled and the sector in which the company operates, we did not support the re-election of a number of directors in the period because of concerns that they were not independent. We will continue to vote against the re-election of non-executive directors where we have concerns about their independence.*

#### **Ocado, May 2020**

##### Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of the chair of the board. The re-election proposal was passed with 96% of the vote.

##### Ruffer commentary

*As in 2019, we voted against the re-election of the Chair of the Board, who also serves as the Chair of the Nomination Committee, because we were not comfortable with the board structure and believe the company is being slow to rectify the situation. In particular, we do not think there are a sufficient number of independent directors on the board. We have a good relationship with the company and have engaged on many other topics including food waste, green-house gas emissions and vertical farming.*

## **Wheaton Precious Metals, May 2020**

### Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of five non-executive directors, due to concerns about their lack of independence. The re-election proposals passed with a range of 85-95% shareholder approval.

### Ruffer commentary

*Taking into account the average tenure of members of the board, the regions in which the company is domiciled and the sector in which the company operates, we did not support the re-election of a number of directors in the period because of concerns that they were not independent. We will continue to vote against the re-election of non-executive directors where we have concerns about their independence.*

## **Lloyds Bank, 21 May 2020**

### Summary of resolutions, votes and outcomes

Ruffer voted against the proposed remuneration policy. The policy was passed with 64% approval.

### Ruffer commentary

*We decided to vote against the proposed remuneration policy at the company as although it reduces the maximum pay-out at the time of the grant, it significantly relaxes the vesting criteria. Therefore, we did not think it sufficiently incentivises management to deliver shareholder value. We spoke with the Chairman of Lloyds on this issue after we voted and since then the company has made some changes to the remuneration of the new CEO. Even though these do not address all of our concerns, it does make the remuneration criteria more aligned to shareholder interests.*