

Implementation Statement, covering the Fund Year from 1 January 2022 to 31 December 2022

The Trustee of the Cereal Partners 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, the Trustee (including the most significant votes cast by the Trustee 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.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

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.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are given in the following links for each fund:

- Legal and General Management: [LGIM Vote Disclosures \(issgovernance.com\)](#)
- Baillie Gifford: [Our Stewardship Approach: ESG Principles and Guidelines \(bailliegifford.com\)](#)
- Ruffer: [Ruffer | Voting policy](#)

However, the Trustee takes ownership of the Fund’s stewardship by monitoring and engaging with managers as detailed below.

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. Additionally, the Trustee receives regular updates on ESG and Stewardship related issues from its investment advisers.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the March 2023 meeting, the Trustee discussed and agreed stewardship priorities for the Fund which were: climate change; diversity, equity & inclusion (“DEI”); and business ethics. These priorities were selected because they represent key market-wide risks and areas where the Trustee believes good stewardship and engagement can improve long-term financial outcomes for members. These stewardship priorities have been communicated to the investment managers.

The Trustee reviews case studies of the managers’ votes and engagements which relate to the Trustee’s stewardship priorities as part of its ongoing monitoring. This helps the Trustee to better understand its managers’ different approaches to voting and engagement and form a view on their appropriateness for the Fund.

The Trustee undertakes a more comprehensive review of managers’ voting and engagement practices on an annual basis. The review carried out as at May 2022 included the investment adviser’s qualitative assessment for each manager, a summary of the managers’ voting and engagement policies, and summary statistics for their voting and engagement over the previous year.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

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. However, the Trustee monitors managers’ voting and

engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the funds that hold equities as follows:

- LGIM Low Carbon Transition Global Equity Index Fund
- Baillie Gifford Multi Asset Growth Fund; and
Ruffer Absolute Return Fund

In addition to the above, the Trustee contacted the Fund's asset managers that do not hold listed equities, to ask if any of the assets held had voting opportunities over the Fund Year. None of these other funds held any assets with material voting opportunities.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviewed these policies in May 2022, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's views.

In response to the Trustee's questions, the managers provided the following descriptions of their voting practices.

3.1.1 LGIM

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 2022?

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.

Our analysis shows that, globally, our voting stance differed from ISS recommendations in around 11.8% of votes in 2022. When our stance differs, the majority of LGIM votes cast are usually against management – particularly around issues of audit, independence, remuneration and on the level of support provided for ‘Say on Climate’ and shareholder proposals.

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

As regulation on vote reporting has recently evolved with the introduction of the concept of ‘significant vote’ by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.

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;*

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

3.1.2 [Baillie Gifford](#)

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 2022?

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

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 2022?

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.

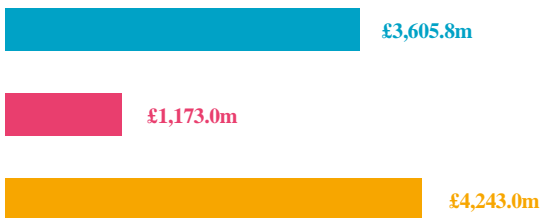
What process did you follow for determining the “most significant” votes?

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



Total size of the fund at 31 December 2022

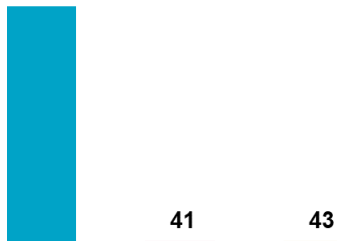


Value of CPUK Pension Fund's assets at 31 December 2022

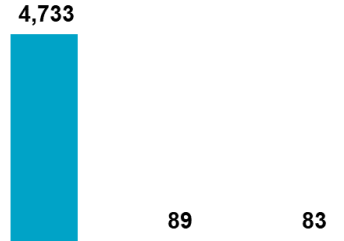


LGIM figures include both the sterling hedged and unhedged share classes that the Fund invests in.

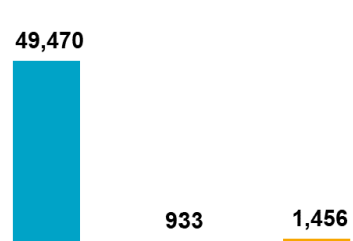
Average number of holdings



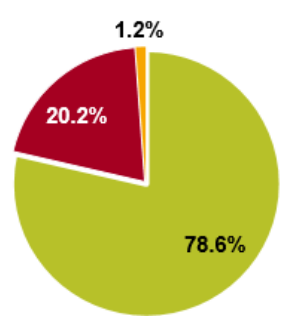
Number of meetings eligible to vote



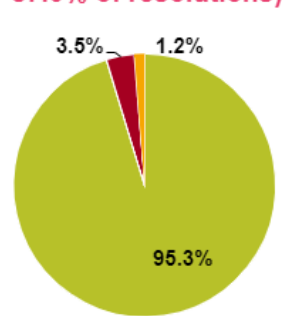
Number of resolutions eligible to vote



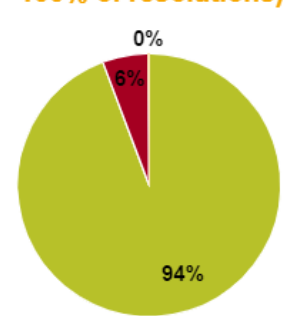
LGIM voting breakdown (voted on 100% of resolutions)



Baillie Gifford voting breakdown (voted 87.6% of resolutions)



Ruffer voting breakdown (voted on 100% of resolutions)






Proportion of resolutions voted on that were **with management**, **against management** or **abstained**.

3.3 Most significant votes over the Fund Year

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

The Trustee has reported on three of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this may be available upon request from the Trustee.

| | | | |
|------------|---|--|--|
| Key |  Environmental |  Social |  Governance |
|------------|---|--|--|

LGIM



*LGIM voted for Resolution 9 – Report on Civil Right Audit
Apple Inc. May 2022*

Relevant Stewardship Priority

Diversity, equity & inclusion

Criteria against which this vote has been assessed as “most significant”.

LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Approximate size of the mandate’s holding at the date of the vote

4.6%

How did LGIM vote?

For

Rationale from LGIM

A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies, as the issue is considered to be a material risk to companies.

Outcome of vote

The resolution passed

Next steps

LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.



*LGIM voted against Resolution 1f – Elect Director Daniel P. Huttenlocher
Amazon Inc. May 2022*

Relevant Stewardship Priority

Business ethics

Criteria against which this vote has been assessed as “most significant”.

LGIM pre-declared its vote intention for this resolution, demonstrating its significance.

Approximate size of the mandate’s holding at the date of the vote

1.9%

How did LGIM vote?

Against

Rationale from LGIM

A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.

Outcome of vote

The resolution passed

Next steps

LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.



*LGIM voted for Resolution 7 – Report on Physical Risks of Climate Change
Alphabet Inc. June 2022*

Relevant Stewardship Priority

Climate change

Criteria against which this vote has been assessed as “most significant”.

LGIM considers this vote significant as it is an escalation of its climate-related engagement activity and its public call for high quality and credible transition plans to be subject to a shareholder vote.

Approximate size of the mandate’s holding at the date of the vote

1.2%

How did LGIM vote?

For

Rationale from LGIM

A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.

Outcome of vote

The resolution was not passed

Next steps

LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Baillie Gifford



*Baillie Gifford voted against the executive compensation policy
LEG Immobilien SE, May 2022*

Relevant Stewardship Priority

Business ethics

Criteria against which this vote has been assessed as “most significant”.

This resolution is significant because Baillie Gifford opposed remuneration.

Approximate size of the mandate’s holding at the date of the vote

0.4%

How did Baillie Gifford vote?

Against

Rationale from Baillie Gifford

A vote against the resolution because the Baillie Gifford did not believe performance conditions within the proposed executive policy are sufficiently stretching.

Outcome of vote

The resolution was passed

Next steps

Following the vote decision, Baillie Gifford have reached out to the company to let them know about their dissent on remuneration and set out their expectation on pay.



*Baillie Gifford voted against the remuneration report
Greggs Plc, May 2022*

Relevant Stewardship Priority

Business ethics

Criteria against which this vote has been assessed as “most significant”.

This resolution is significant because we opposed remuneration.

Approximate size of the mandate’s holding at the date of the vote

0.3%

How did Baillie Gifford vote?

Against

Rationale from Baillie Gifford

A vote against the remuneration report due to concerns over executive pay increases and misalignment of pension rates.

Outcome of vote

The resolution was passed

Next steps

Following casting a vote, Baillie Gifford reached out to the Company to provide reasons for their opposition on the remuneration report and ask for clarification on pay setting for the CEO. The Company acknowledged their feedback on pensions and pay increases for one executive and explained how the new CEO’s salary was set.



*Baillie Gifford voted against the appointment of the external auditor
Royal Caribbean Cruises ltd, June 2022*

Relevant Stewardship Priority

Business ethics

Criteria against which this vote has been assessed as “most significant”.

This resolution is significant because Baillie Gifford opposed the election of auditors.

Approximate size of the mandate’s holding at the date of the vote

0.1%

How did Baillie Gifford vote?

Against

Rationale from Baillie Gifford

We opposed the appointment of the external auditor due to concerns with the length of tenure.

Outcome of vote

The resolution was passed

Next steps

The existing auditor has been in place since 1989, and Baillie Gifford had previously raised this excessive tenure with the company. As no change in auditor has taken place, they chose to oppose.



*Ruffer voted against the environmental shareholder resolution on climate change targets
BP Plc, May 2022*

Relevant Stewardship Priority

Climate change

Criteria against which this vote has been assessed as “most significant”.

It is believed that this vote will be of particular interest to clients.

Approximate size of the mandate’s holding at the date of the vote

3.1%

How did Ruffer vote?

Against

Rationale from Ruffer

Vote was made in line with ISS and management. Extensive work has been done on BP’s work on the energy transition and climate change and Ruffer thinks they are industry leading. Ruffer supports management in their effort to provide clean, reliable, and affordable energy and therefore voted against the shareholder resolution.

Outcome of vote

The resolution was not passed

Next steps

Ruffer will monitor how the company progresses and improves over time and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions which it deems as unnecessary.



*Ruffer voted against resolution seeking a report on the Gender Pay Gap
Cigna Corporation, April 2022*

Relevant Stewardship Priority

Diversity, equity & inclusion

Criteria against which this vote has been assessed as “most significant”.

It is believed that this vote will be of particular interest to clients. Ruffer supports management in their effort to provide accurate and transparent information on gender pay gaps.

Approximate size of the mandate’s holding at the date of the vote

1.5%

How did Ruffer vote?

Against

Rationale from Ruffer

Cigna uses an "equal pay for equal work" statistic and reports that there are no material differences in pay data related to gender or race. Although the equal pay for equal work statistic is subjective in that it allows the company to define what it considers an "equal job," the company does report its gender representation statistics and it additionally set a parity goal for leadership positions. As such, shareholders have enough information to assess how effectively company practices are working to eliminate discrimination in pay and opportunity in its workforce. Therefore, support for this resolution is not warranted at this time.

Outcome of vote

The resolution was not passed

Next steps

Ruffer will continue to vote on shareholder resolutions that affect transparency over diversity, ethnicity, and Inclusion efforts.



*Ruffer voted against the appointment of an independent board chair
Bristol Myers Squibb Company, May 2022*

Relevant Stewardship Priority

Business ethics

Criteria against which this vote has been assessed as “most significant”.

We believe this vote will be of particular interest to our clients. The management resolutions aimed to increase the diversity on the board structure by separating out the roles.

Approximate size of the mandate's holding at the date of the vote

1.2%

How did Ruffer vote?

For

Rationale from Ruffer

Ruffer's policy is to encourage the separation of the CEO & Chairman roles. This motion calls for the roles to be separated at the end of the current CEO/Chairman's term and these motions have been on the table for years, so the company should have time to manage the transition with limited disruption. Therefore, support for this proposal is warranted at this time.

Outcome of vote

The resolution was not passed

Next steps

Ruffer will continue to engage with the company on governance issues and vote in favour of policies that favour a split between the CEO and Chairman roles.