

# *Implementation Statement, covering the Scheme Year from 1 January 2021 to 31 December 2021*

The Trustees of the Lazard London Staff Pension Scheme (the “Scheme”) are required to produce an annual statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme 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 Scheme Year. The last time these policies were formally reviewed was September 2019 .

The Trustees have, in their opinion, followed the Scheme’s voting and engagement policies during the Scheme Year, by continuing to delegate to their 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 Trustees took a number of steps to review the Scheme’s new and existing managers and funds over the Scheme Year, 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 Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

In July 2021, the Trustees held an investment manager monitoring meeting, to which three of the Scheme’s managers (Baillie Gifford, Lazard Asset Management and Ruffer) were invited. When the managers presented to the Trustees at this meeting, the managers spoke about their voting and engagement practices and the Trustees were satisfied with the voting and engagement activities undertaken on their behalf.

During the Scheme Year, the Trustees invested in two new pooled funds, the Lazard Asset Management Global Sustainable Equity Fund and the Legal & General Investment Management Low Carbon Transition Global Equity Index Fund. In selecting and appointing these managers, the Trustees reviewed LCP’s Responsible Investment (“RI”) assessments of the managers, including each manager’s approach to voting and engagement.

The Trustees have also introduced a standing item on RI to the agendas of their quarterly meetings. As a part of this, the Trustees discussed and received training on a number of issues during the Scheme Year. This included how investment managers are approaching Net Zero and whether the Scheme’s managers had signed up to the UK Stewardship Code and the Global Investor Statement to Governments on the climate crisis. Where managers had not signed up to these initiatives, LCP engaged with these managers on the Trustees’ behalf.

Additionally, the Trustees receive quarterly updates on ESG and stewardship related issues from their investment advisers.

## **3. Description of voting behaviour during the Scheme Year**

The Trustees have delegated to their investment managers the exercise of voting rights. Therefore the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year.

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

- Baillie Gifford Global Alpha Growth Fund;
- Lazard Asset Management (“LAM”) Global Managed Volatility Fund (disinvested in August 2021)
- LAM Global Sustainable Equity Fund (first invested in August 2021)

- Legal & General Investment Management (“LGIM”) Low Carbon Transition Global Equity Index Fund (first invested in September 2021); and
- Ruffer segregated absolute return portfolio.

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

### 3.1 Description of the voting processes

#### 3.1.1 Baillie Gifford

In response to the Trustees’ 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 2021?

*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.*

Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?

- 1) The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding

*Baillie Gifford provides services to a wide variety of clients including those that may be issuers of securities that Baillie Gifford may recommend for purchase or sale to clients. In addition to our clients, some of our service providers and/or suppliers are issuers of securities that Baillie Gifford may recommend for purchase or sale to clients. In both cases it is Baillie Gifford's general policy not to take into account that an issuer is our client, service provider or supplier when making investment decisions. Baillie Gifford believes it would not be in the interests of clients generally to exclude such issuers from a client portfolio unless the client instructs Baillie Gifford to the contrary.*

- 2) Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings

*James Anderson, Baillie Gifford partner, serves as the Non-Executive Chair of Kinnevik AB, as well as being a member of the Nomination Committee. James has recused himself from any investment discussions and decisions about Kinnevik and its underlying investments.*

*In addition, at Schibsted ASA, Kinnevik AB and Adevinta ASA, Spencer Adair, Lawrence Burns and Chris Davies respectively, Baillie Gifford partners and/or fund managers are members of the Nomination Committee. It is market practice in Scandinavia for representatives of a company's largest shareholders to make up the committee; the Nomination Committee is not a board committee.*

*Within Baillie Gifford, any decisions with material relevance are made in conjunction with multiple members of the portfolio construction group ensuring robust discussion and debate. As the Nomination Committee is not a board committee, members do not have a vote on substantive company policies or actions. We support the opportunity to be more closely involved in the governance and stewardship of one of our clients' holdings.*

- 3) The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding

*None disclosed to Compliance.*

- 4) There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer

*Clients sign up to individual strategies' philosophies which may result in different voting decisions. Therefore, voting according to each strategy's philosophy is in line with our clients' expectations, so this is not deemed a conflict of interest.*

- 5) There are differences between the stewardship policies of managers and their clients

*Our preference is for clients to give us full discretion to vote in line with Baillie Gifford's Governance and Sustainability Principles and Guidelines. Where clients request us to adhere to their own stewardship policies, these are reviewed and discussed with the client, noting deviations from our own Governance and Sustainability Principles and Guidelines and can be implemented, where appropriate.*

### 3.1.2 LAM

In response to the Trustees' questions, LAM provided the following wording to describe its voting practices.

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

*Lazard manages assets for a variety of clients worldwide, including institutions, financial intermediaries, sovereign wealth funds, and private clients. To the extent that proxy voting authority is delegated to Lazard, Lazard's general policy is to vote proxies on a given issue in the same manner for all of its clients. As part of this, we do not typically consult with clients before voting. This Policy is based on the view that Lazard, in its role as investment adviser, must vote proxies based on what it believes (i) will maximize sustainable shareholder value as a long-term investor; (ii) is in the best interest of its clients; and (iii) the votes that it casts are intended in good faith to accomplish those objectives. As active managers, we are committed to fully exercising our role as stewards of capital.*

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

*Our policy is to vote proxies on a given issue in the same manner for all clients. With full proxy authority, Lazard attempts to vote on 100% of the portfolio on a best-effort basis. This is subject to market restrictions due to share-*

blocking, custodial support, and the availability of timely research on agenda items. Lazard has approved specific proxy voting guidelines regarding various common proxy proposals. These guidelines set out whether Lazard professionals should vote for or against a specific agenda item in every instance or whether an issue should be or considered on a case-by-case basis.

If an investment professional seeks to vote in a manner that contradicts the guidelines, which is rare, Lazard's Proxy Committee must approve the vote. The investment professional must provide the committee with a detailed rationale for their recommendation, and the Proxy Committee will then determine whether or not to accept and apply that vote recommendation to the specific meeting's agenda. Case-by-case agenda items are evaluated by Lazard's investment professionals based on their research of the company and evaluation of the specific proposal. Our approach is based on the view that Lazard, in its role as investment manager, must vote proxies based on what it believes will:

- maximize sustainable shareholder value as a long-term investor; and
- is in the best interest of its clients.

How, if at all, have you made use of proxy voting services over the year to 31 December 2021?

Lazard currently subscribes to advisory and other proxy voting services provided by Institutional Shareholder Services Inc. ("ISS") and Glass, Lewis & Co. ("Glass Lewis"). These proxy advisory services provide independent analysis and recommendations regarding various companies' proxy proposals. While this research serves to help improve our understanding of the issues surrounding a company's proxy proposals, Lazard's Portfolio Manager/Analysts and Research Analysts (collectively, "Portfolio Management") are responsible for providing the vote recommendation for a given proposal except when the Conflicts of Interest policy applies. ISS provides additional proxy-related administrative services to Lazard. ISS receives on Lazard's behalf all proxy information sent by custodians that hold securities on behalf of Lazard's clients and sponsored funds. ISS posts all relevant information regarding the proxy on its password-protected website for Lazard to review, including meeting dates, all agendas and ISS' analysis.

The Proxy Administration Team reviews this information on a daily basis and regularly communicates with representatives of ISS to ensure that all agendas are considered and proxies are voted on a timely basis. ISS also provides Lazard with vote execution, recordkeeping and reporting support services. Members of the Proxy Committee, along with members of the Legal & Compliance Team, conducts periodic due diligence of ISS and Glass Lewis consisting of an annual questionnaire and, as appropriate, on site visits.

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

In this instance, we have considered most significant votes in the following order: firstly all shareholder proposals, secondly any non-salary compensation or remuneration related proposals and thirdly any votes against management (excluding routine items) not included in the first two criteria. The resultant proposals were then ranked by the company's average holding within the fund/or portfolio over the period under review to identify the votes for disclosure in the template.

Our voting approach is based on our global governance principles which lays out our expectations of company management. They are founded on the belief that long-term shareholder value is enhanced through a more comprehensive assessment of stakeholder management. This includes governance issues such as remuneration policies, independence of appointed board members, human capital issues including employees, suppliers, their customers, and the community, as well as natural capital issues, including its dependency and use of natural resources and its approach to manage climate change risk. We believe that we must vote in a manner that (i) will maximize sustainable shareholder value as a long-term investor; (ii) is in the best interest of its clients; and (iii) the votes that it casts are intended in good faith to accomplish those objectives.

Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?

- 1) The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding
- 2) Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings
- 3) The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding
- 4) There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer

5) There are differences between the stewardship policies of managers and their clients

*Lazard's general Proxy Voting Policy recognizes that there may be times when meeting agendas or proposals may create the appearance of a material conflict of interest for Lazard. Lazard will look to alleviate the potential conflict by voting according to pre-approved guidelines. In conflict situations where a pre-approved guideline is to vote case-by-case, Lazard will vote according to the recommendation of one of the proxy voting services Lazard retains to provide independent analysis.*

*This Policy and related procedures implemented by Lazard are designed to address potential conflicts of interest posed by Lazard's business and organizational structure. Examples of such potential conflicts of interest are:*

- 1) Lazard Frères & Co. LLC ("LF&Co."), Lazard's parent company and a registered broker-dealer, or a financial advisory affiliate, has a relationship with a company the shares of which are held in accounts of Lazard clients, and has provided financial advisory or related services to the company with respect to an upcoming significant proxy proposal (i.e., a merger or other significant transaction);*
- 2) Lazard serves as an investment adviser for a company the management of which supports a particular proposal;*
- 3) Lazard serves as an investment adviser for the pension plan of an organization that sponsors a proposal; or*
- 4) A Lazard employee who would otherwise be involved in the decision-making process regarding a particular proposal has a material relationship with the issuer or owns shares of the issuer.*

*General Policy*

*All proxies must be voted in the best long-term interest of each Lazard client, without consideration of the interests of Lazard, LF&Co. or any of their employees or affiliates. The Proxy Administration Team is responsible for all proxy voting in accordance with this Policy after consulting with the appropriate member or members of Portfolio Management, the Proxy Committee and/or the Legal & Compliance Department. No other employees of Lazard, LF&Co. or their affiliates may influence or attempt to influence the vote on any proposal. Violations of this Policy could result in disciplinary action, including letter of censure, fine or suspension, or termination of employment. Any such conduct may also violate state and Federal securities and other laws, as well as Lazard's client agreements, which could result in severe civil and criminal penalties being imposed, including the violator being prohibited from ever working for any organization engaged in a securities business. Every officer and employee of Lazard who participates in any way in the decision-making process regarding proxy voting is responsible for considering whether they have a conflicting interest or the appearance of a conflicting interest on any proposal. A conflict could arise, for example, if an officer or employee has a family member who is an officer of the issuer or owns securities of the issuer. If an officer or employee believes such a conflict exists or may appear to exist, he or she should notify the Chief Compliance Officer immediately and, unless determined otherwise, should not continue to participate in the decision-making process.*

*Monitoring for Conflicts and Voting When a Material Conflict Exists*

*The Proxy Administration Team monitors for potential conflicts of interest that could be viewed as influencing the outcome of Lazard's voting decision. Consequently, the steps that Lazard takes to monitor conflicts, and voting proposals when the appearance of a material conflict exists, differ depending on whether the Approved Guideline for the specific item is clearly defined to vote for or against, or is to vote on a case-by-case basis. Any questions regarding application of these conflict procedures, including whether a conflict exists, should be addressed to Lazard's Chief Compliance Officer and General Counsel.*

*a) Where Approved Guideline Is For or Against*

*Lazard has an Approved Guideline to vote for or against regarding most proxy agenda/proposals. Generally, unless Portfolio Management disagrees with the Approved Guideline for a specific proposal, the Proxy Administration Team votes according to the Approved Guideline. It is therefore necessary to consider whether an apparent conflict of interest exists when Portfolio Management disagrees with the Approved Guideline. The Proxy Administration Team will use its best efforts to determine whether a conflict of interest or potential conflict of interest exists. If conflict appears to exist, then the proposal will be voted according to the Approved Guideline. In situations where the Approved Guideline is to vote Case by Case, Lazard will vote in accordance with the recommendations of one of the proxy voting services Lazard retains to provide independent analysis. Lazard also reserves its right to Abstain.*

*In addition, in the event of a conflict that arises in connection with a proposal for Lazard to vote shares held by Lazard clients in a Lazard mutual fund, Lazard will typically vote each proposal for or against proportion to the shares voted by other shareholders.*



b) *Where Approved Guideline Is Case-by-Case*

*In situations where the Approved Guideline is to vote case-by case and a material conflict of interest appears to exist, Lazard's policy is to vote the proxy item according to the majority recommendation of the independent proxy services to which we subscribe. Lazard also reserves its right to Abstain.*

### 3.1.3 LGIM

In response to the Trustees' 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 2021?

*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?

*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.*

*For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.*

*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.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at <https://vds.issgovernance.com/vds/#/MjU2NQ==/>.

Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?

- 1) The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
- 2) Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings
- 3) The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding
- 4) There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer
- 5) There are differences between the stewardship policies of managers and their clients

Please refer to the LGIM investment stewardship conflict of interest document at the following link: <https://www.lgim.com/api/epi/documentlibrary/view?id=1116980ea5bf43fa9801c212be73f487&old=literature.html?cid=>.

Please include here any additional comments which you believe are relevant to your voting activities or processes.

*It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.*

*LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.*

### 3.1.4 Ruffer

In response to the Trustees' 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.

#### *Framework*

*At Ruffer, we endorse the Financial Reporting Council's definition of stewardship in its revision of the Stewardship Code as '...the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.'*

*We act as stewards of our clients' assets and so we use our judgement to determine when to engage and how to vote at shareholder meetings to best protect the interests of our clients while being cognisant of the impact on all stakeholders.*

*We take the opportunity to vote seriously, as it enables us to encourage boards and management teams to consider and address areas that we are concerned about. We review local best practices and corporate governance codes when voting clients' shares, and actively consider companies' explanations for not complying with best practice to ensure that we vote in the best interests of our clients.*

#### *Policy*

*It is Ruffer's policy to vote on Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) resolutions, including shareholder resolutions, as well as corporate actions. We endeavour to vote on the vast majority of our holdings but we retain discretion to not vote when it is in our clients' best interests (for example in markets where share blocking applies). We vote on our total shareholding of the companies held within our flagship funds: LF Ruffer Absolute Return Fund (RARF), LF Ruffer Total Return Fund (RTRF), Ruffer Total Return International (RTRI), Ruffer Investment Company (RIC) and Charity Assets Trust (CAT). Voting on companies not held within these funds is subject to materiality considerations. Ruffer applies this policy to both domestic and international shares, reflecting the global nature of our investment approach.*

*To apply this policy, we work with various industry standards, organisations and initiatives and actively participate in debates within the industry, promoting the principles of active ownership and responsible investment. For example, we are signatories to the Principles for Responsible Investment (PRI), participate in several working groups at the Investment Association and, through our commitment to Climate Action 100+, have co-filed resolutions where we felt this was the most appropriate course of action.*

#### *Process*

*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, in general, 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 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. 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.*

*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?

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 2021, of the votes in relation to holdings in the Lazard London Director's Pension Scheme we voted against the recommendation of ISS over 6.5% 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.

### Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?

- 1) The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
- 2) Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings
- 3) The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding
- 4) There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer
- 5) There are differences between the stewardship policies of managers and their clients

No

## 3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below.

	Baillie Gifford	LAM*	LAM*	LGIM*	Ruffer
Fund name	Global Alpha Growth Fund	Global Managed Volatility Fund	Global Sustainable Equity Fund	Low Carbon Transition Global Equity Index Fund	Segregated absolute return portfolio
Total size of fund at end of the Scheme Year	£4,517.2m	£33.0m	£162.7m	£809.7m	£39.8m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£39.5m (11.9%)	-	£28.0m (8.4%)	£25.7m (7.7%)	£39.8m (11.9%)
Number of equity holdings at end of the Scheme Year	97	209	50	2,784	40
Number of meetings eligible to vote	107	221	50	3,047	42

Number of resolutions eligible to vote	1,337	2,988	697	31,032	654
% of resolutions voted	95.7%	96.6%	100.0%	99.99%	94.0%
Of the resolutions on which voted, % voted with management	97.3%	94.4%	97.4%	80.6%	94.0%
Of the resolutions on which voted, % voted against management	2.1%	5.7%	2.6%	18.7%	5.0%
Of the resolutions on which voted, % abstained from voting	0.6%	0.0%	0.0%	0.7%	1.0%
Of the meetings in which the manager voted, % with at least one vote against management	16.8%	38.0%	24.0%	62.0%	36.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A	0.9%	3.0%	11.0%	6.5%

\* The three funds managed by LAM and LGIM were only held by the Scheme for part of the Scheme Year. Due to the availability of voting data, the Trustees have included data for the full year in this table.

### 3.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below. The Trustees have interpreted "most significant votes" to mean those deemed as most significant by the investment managers, and have selected a subset of these votes for inclusion in the Statement, taking into account the size of the Scheme's holding in each company, and with the aim of including a broad range of companies and topics.

#### 3.3.1 Baillie Gifford

##### Rio Tinto, 9 April 2021

###### Summary of resolution, vote and outcome

Baillie Gifford voted against a resolution to approve a remuneration report. The resolution failed.

###### Baillie Gifford commentary

*We supported the remuneration policy but opposed the remuneration report. We opposed the remuneration report as we did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards. We were uncomfortable with the timing and use of bonus deductions last year, followed by the large LTIP payouts which were not subject to malus or clawback.*

##### Tesla, 7 October 2021

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

Baillie Gifford voted against three shareholders resolutions:

- requesting a report on the company's approach to human rights (this resolution failed);
- requesting to declassify the board (this resolution passed); and
- requesting additional reporting on Tesla's diversity and inclusion efforts (this resolution passed).

###### Baillie Gifford commentary on the human rights resolution

*We think Tesla's current policies and practices are reasonable and improving, making this proposal unnecessary.*

#### Baillie Gifford commentary on the board declassification resolution

*We believe that full declassification of the board is not in the best interests of shareholders at this time, and have instead supported management's alternate proposal for partial declassification.*

*We understand that in some situations this governance provision provides necessary protection to the board. The board argues that in order to effectively meet its mission to accelerate the world's transition to sustainable energy, that they require long-term focus, and believe the full declassification of the board leaves the company vulnerable to opportunistic short-term interests. However in response to this proposal, the company put forward a "superior" resolution in which they propose reclassifying the board into two classes, with directors serving 2 year terms as opposed to 3 years. We were supportive of the board's resolution for partial declassification, and as such we opposed the shareholder proposal.*

#### Baillie Gifford commentary on the diversity and inclusion resolution

*Over the last few years the company has developed their diversity, equality and inclusion approach and reporting, and has been responsive to our feedback. As such, we didn't believe this resolution warrants support.*

### **3.3.2 LAM**

#### **Johnson & Johnson, 22 April 2021 (held by the Global Managed Volatility Fund)**

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

LAM voted on four resolutions:

- a) Against a shareholder resolution to report on government financial support and access to COVID-19 vaccines and therapeutics (this resolution failed);
- b) For a shareholder resolution to adopt a policy on bonus banking (this resolution failed);
- c) For a shareholder resolution to require an independent board chair (this resolution failed); and
- d) Against a shareholder resolution to report on a civil rights audit (this resolution failed).

##### LAM commentary on the resolution to report on government financial support and access to COVID-19 vaccines and therapeutics

*The company has been transparent on the public funding it has received and on its selling model – i.e., selling the vaccine on a not-for-profit basis, which is the right thing to do.*

##### LAM commentary on the resolution to adopt a policy on bonus banking

*A vote FOR this item is warranted. Adoption of a bonus deferral policy represents best practice and helps to mitigate risks.*

##### LAM commentary on the resolution to require an independent board chair

*Follows best governance practices.*

##### LAM commentary on the resolution to report on a civil rights audit

*Company has strong & transparent diversity & inclusion policies and has a culture that promotes diversity & inclusion.*

#### **Microsoft, 30 November 2021 (held by the Global Sustainable Equity Fund)**

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

LAM voted on several resolutions including:

- a) Against a shareholder resolution to prohibit sales of facial recognition technology to all government entities (this resolution failed);

- b) For a shareholder resolution calling for a report on Microsoft's gender and racial pay gaps (this resolution failed).

#### LAM commentary on the resolution to prohibit sales of facial recognition technology

*The resolution is asking for a ban in sales rather than disclosure to help evidence how effectively the current guiding principles are minimizing potential human rights risks. We believe this is a suitable engagement topic rather than asking for a ban.*

#### LAM commentary on the pay gap report resolution

*A vote FOR this proposal is warranted, as shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.*

### **3.3.3 LGIM**

#### **General Mills, 28 September 2021**

##### Summary of resolution, vote and outcome

LGIM voted against a resolution to re-elect Jeffrey Harmening (CEO) to the board of directors. The resolution passed.

##### LGIM commentary

*LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.*

#### **Lasertec, 28 September 2021**

##### Summary of resolution, vote and outcome

LGIM voted against a resolution to re-elect Haruhiko Kusunose (Chairman) to the board of directors. The resolution passed.

##### LGIM commentary

*LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. For 10 years, we have been using our position to engage with companies on this issue. As part of our efforts to influence our investee companies on having greater gender balance and following a campaign on gender diversity in Japan in 2019, we decided to escalate our voting policy. In 2020, we announced we would be voting against all companies in the large-cap TOPIX 100 index that do not have at least one woman on their board. In 2021, we expanded the scope of our policy to vote against TOPIX Mid 400 companies that do not have at least one woman on the board.*

### **3.3.4 Ruffer**

#### **Countryside Properties, 5 February 2021**

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

Ruffer abstained on votes in relation to board composition and remuneration. The resolutions all passed.

##### Ruffer commentary

*We met with David Howell (Chair of the Board) and Amanda Burton (Chair of the Remuneration Committee) to discuss the company's capital allocation strategy. Decisions in this area are critical and will ultimately determine its long-term financial performance. We shared our view that the company would benefit from a non-executive director with a proven track record in capital allocation. Given the changing strategy of the business, significant changes need to be made to the remuneration policy to ensure management is incentivised to deliver on the revised*

*strategy and, importantly, to align their interests with shareholders. We shared our thoughts around this, including a total shareholder return measure, a meaningful shareholding requirement and ensuring post-cessation and vesting requirements are in line with the guidance from the Investment Association. We attach significant importance to the company's strategy, board composition and executive remuneration as we deem addressing these to be essential for the long-term success of Countryside and all stakeholders.*

*Whilst we value the engagements with the non-executive directors so far, we have not received acknowledgement our concerns will be addressed. Consequently, we decided to abstain on our votes in relation to the re-election of all non-executive directors. We wrote to the company explaining our decision prior to the AGM. We will continue to engage ahead of the upcoming remuneration consultation, and we look forward to continuing our discussions.*

## **Royal Dutch Shell, 18 May 2021**

### Summary of resolution, vote and outcome

Ruffer voted for a management resolution relating to the company's climate transition plan. The resolution passed.

### Ruffer commentary

*We supported Royal Dutch Shell's first Energy Transition Strategy plan. The decision was made in the context of the progress Shell has made as a result of engagement and the commitment of the company leadership to continue to meaningfully engage on the remaining areas of Climate Action 100+. The management resolution gained support of 88.7% of its shareholder base. We are committing to continued engagement with the company to work on details of the company's transition plans to ensure absolute emission equivalent targets sit alongside short- and medium-term intensity targets, and the need for further alignment on capital expenditure. In light of the opportunity to vote on the company's transition strategy and the progress made, we did not see a need to vote in favour of the shareholder proposal filed by the NGO 'Follow This'. As a founding member of Climate Action 100+ initiative we engaged with Shell collaboratively and individually over several years and we are looking forward to continuing our engagements, focusing on the company's progress on its transition plan.*

*We will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.*