

# *Implementation Statement, covering the Lazard London Staff Pension Scheme Year from 1 January 2020 to 31 December 2020*

The Trustees of the Lazard London Staff Pension Scheme (the “Scheme”) are required to produce a yearly 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 in 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 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 Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

In February 2020, the Trustees reviewed LCP’s responsible investment (RI) scores for the Scheme’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 Trustees were satisfied with the results of the review and no further action was taken. The Trustees agreed that as part of the annual investment manager monitoring day scheduled for June 2020, the managers would be asked to focus on ESG to allow the Trustees to gain a better understanding of their approach to ESG. At this meeting, the Trustees asked several questions about the managers’ voting and engagement practices and were satisfied with the answers they received.

## **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 on the Scheme’s funds that hold equities as follows:

- Baillie Gifford Global Alpha Fund;
- Lazard Asset Management Global Managed Volatility Fund; and
- Ruffer segregated absolute return portfolio.

In addition to the above, the Trustees contacted the Scheme’s other asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. 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 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*

### 3.1.2 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?

*As active managers, we are committed to fully exercising our role as stewards of capital. Where clients delegate the responsibility to vote proxies, Lazard, as a fiduciary, is obligated to vote proxies based on what we believe will maximize shareholder value as a long-term investor.*

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 2020?

*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 votes against management to constitute most significant votes. 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.*

### **3.1.3 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.*

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.*

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 Scheme Year

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

Manager name	Baillie Gifford	LAM	Ruffer
Fund name	Global Alpha Fund	Global Managed Volatility Fund	Segregated absolute return portfolio
Total size of fund at end of reporting period	£4,583.0m	£101.0m	£36.5m
Value of Scheme assets at end of reporting period (% of total assets)	£55.3m (16.8%)	£38.3m (11.7%)	£36.5m (11.1%)
Number of equity holdings at end of reporting period	101	210	40
Number of meetings eligible to vote	111	199	33
Number of resolutions eligible to vote	1,240	2,635	516
% of resolutions voted	94.76%	94.27%	88%
Of the resolutions on which voted, % voted with management	96.94%	93.88%	88%
Of the resolutions on which voted, % voted against management	2.38%	5.52%	10%
Of the resolutions on which voted, % abstained from voting	0.68%	0.04% <sup>1</sup>	2%
Of the meetings in which the manager voted, % with at least one vote against management	16.67%	41.05%	40%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A	1.29%	11.4%

## 3.3 Most significant votes over the Scheme Year

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

### 3.3.1 Baillie Gifford

#### CRH plc, 23 April 2020

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

Baillie Gifford voted to approve a remuneration report, due to changes made to executive remuneration which incorporated its feedback and attached more stringent performance metrics to the long-term incentive plan. The vote was passed.

##### Baillie Gifford commentary

*After consistent opposition to the company's remuneration report and policy over the years, we decided to support at the 2020 AGM due to changes made to executive remuneration which incorporated our feedback. The targets attached to the performance metrics in the long-term incentive plan are now much more stringent. In a call with the chairman and Remuneration Committee chair ahead of the AGM, we welcomed the changes and encouraged*

<sup>1</sup> The remaining 0.56% accounts for withheld votes and say-on-pay proposals

further improvements to that of the peer group against which performance is partly measured. We agreed to carry on discussions later in the year.

## **Schibsted, 6 May 2020**

### Summary of resolutions, votes and outcomes

Baillie Gifford voted against two resolutions regarding remuneration, citing concerns about the stringency of the policy and its alignment with shareholders. The vote was passed.

### Baillie Gifford commentary

*This is consistent with how we have voted in previous years and reflects our concerns over the stringency of the performance conditions attached to the long-term incentive plan. We are not comfortable with the setting of threshold and target performance hurdles at the 25th and 50th percentiles relative to Schibsted's peer group. We think variable performance plans should incentivise and reward outperformance and we are concerned that the current plan rewards management for underperforming relative to peers. We have encouraged the remuneration committee to strengthen the objectives attached to management's long-term incentives to provide better alignment with shareholders.*

## **Just Eat Takeaway.com, 14 May 2020**

### Summary of resolutions, votes and outcomes

Baillie Gifford voted to grant the Board authority to issue shares of up to 25% of issued capital. The vote was passed.

### Baillie Gifford commentary

*We usually oppose authority to issue shares without pre-emption rights at the requested amount but given the current environment, we feel it is the best interests of all stakeholders to provide the Board and Management with greater flexibility to allocate capital. We have made an exception in the current environment as we understand board/mgmt may need flexibility to deploy capital quickly and have encouraged the company to be lower than this value in the future.*

## **Deutsche Boerse, 19 May 2020**

### Summary of resolutions, votes and outcomes

Baillie Gifford voted to oppose a remuneration policy. The policy was passed.

### Baillie Gifford commentary

*Within the policy pay can be awarded if net income results are negative and we do not feel this provides sufficient incentive for management or strong alignment with our clients. We will continue to engage with the Board on this issue. Whilst we appreciate a number of improvements have been made to the policy, we are not comfortable with the vesting threshold set for net income in the short term incentive plan. We think the need to have a safety net in the form of rewarding negative performance indicates the metric or measurement period needs to be changed. We did not feel able to support this on behalf of our clients.*

## **Amazon.com, 27 May 2020**

### Summary of resolutions, votes and outcomes

Baillie Gifford voted to support a shareholder proposal to improve the transparency of Amazon's corporate lobbying policies and governance. The proposal failed.

### Baillie Gifford commentary

*We believe greater transparency of all political expenditures and lobbying, particularly indirect spending through trade associations, coalitions and charities, would enable shareholders to assess alignment with Amazon's values and corporate goals.*

*Amazon provides good disclosure of its direct political expenditures and there is board level oversight of its activities by the audit committee. However, areas for improvement relate to its indirect spending through trade associations, coalitions and charities. Whilst the company discloses the gross amounts of trade association payments, it does not break out payment by group and does not disclose the portion of these payments that are used for lobbying. Peer companies Facebook and Alphabet publish a list of trade associations where they maintain membership, while Amazon only discloses names of those associations it made payments >\$10,000. Greater transparency of all political expenditures and lobbying would enable shareholder to assess alignment with Amazon's values and corporate goals.*

## **Facebook, 27 May 2020**

### Summary of resolutions, votes and outcomes

Baillie Gifford voted to support a shareholder resolution relating to the introduction of a majority voting standard for directors. The proposal failed.

### Baillie Gifford commentary

*We believe that simple majority voting is best practice for director elections. The board is currently elected by according to a plurality voting standard. Majority voting raises the threshold for re-election and therefore greater accountability. We will continue to assess similar proposals in the future.*

## **SMC Corporation, 26 June 2020**

### Summary of resolutions, votes and outcomes

Baillie Gifford abstained on a vote regarding the low dividend payment, citing its opinion that the company's capital strategy is not in the interests of shareholders. The vote was passed.

### Baillie Gifford commentary

*Having reviewed the capital structure of the business, we believe the company is in a position to utilise its balance sheet more effectively. In normal circumstances, when we determine the dividend to be inappropriate, we generally vote against the dividend proposal. Given the current market environment, we abstained on the dividend proposal.*

## **Tesla Inc, 22 September 2020**

### Summary of resolutions, votes and outcomes

Baillie Gifford supported two shareholder proposals. One proposal concerned majority voting requirements, and this proposal was passed. The other proposal concerned employee disputes, and this proposal failed.

### Baillie Gifford commentary on majority voting requirements

*We supported a shareholder proposal to eliminate supermajority voting requirements from the company's bylaws and to adopt a simple majority voting standard. We think this change is in shareholders' best interests.*

*We supported this change at the 2019 meeting, which was put forward by the company. The resolution received >99% support, but did not pass because it failed to have 2/3 of shares outstanding voted. We have discussed this resolution as part of our recent conversation with Chair Robyn Denholm where we reiterated our support for this change. A majority of shareholders supported this resolution and therefore we hope to see change.*

### Baillie Gifford commentary on employee disputes

*We supported a shareholder proposal requesting a report on the company's use of arbitration to resolve employee disputes. We think additional disclosure and transparency on this provision would be helpful in understanding Tesla's workplace practices.*

*Tesla currently does not report on its grievance mechanism for employees or provide the racial, ethnic and gender breakdown of its workforce. We believe peers provide better disclosure of this information and have started to move away from the use of mandatory arbitration. We will continue to monitor this topic in our discussions with the company.*



### 3.3.2 LAM

#### **Eli Lilly and Company, 9 March 2020**

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

LAM voted for three proposals, each one of which was opposed by Management. The proposals concerned lobbying activities, executive remuneration and the requirement to appoint an independent Board chairman. All three proposals failed.

##### LAM commentary on lobbying activities

*A vote FOR this proposal is warranted as additional disclosure on the company's lobbying and trade association activities, including management and board-level oversight, would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.*

##### LAM commentary on executive remuneration

*A vote FOR this proposal is warranted due to the scope of the proposal, the company's current use of incentive program metrics that may be impacted by drug pricing, and the lack of comprehensive disclosure describing how risks related to public concern over drug pricing increases are taken into consideration in executive compensation programs.*

##### LAM commentary on requiring an independent Board chairman

*A vote FOR this proposal is warranted. The lead director is not appointed solely by the independent directors and there are ongoing governance concerns with respect to the inability of shareholders to amend the bylaws. In addition, the proponent raises a compelling argument that Eli Lilly would be best served by adopting an independent chair policy in light of potentially material legal and reputational risks facing the company, particularly around drug pricing, further suggesting that shareholders would benefit from the most robust form of independent oversight, in the form of an independent chair.*

##### LAM commentary on lobbying activities

*A vote FOR this proposal is warranted as additional disclosure on the company's lobbying and trade association activities, including management and board-level oversight, would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.*

#### **Verizon Communications Inc., 9 March 2020**

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

LAM voted for three proposals, each one of which was opposed by Management. The proposals concerned lobbying activities, executive remuneration and severance arrangements.

##### LAM commentary on lobbying activities

*A vote FOR this resolution is warranted, as additional reporting on the company's lobbying-related practices, such as its trade association payments and oversight mechanisms, would benefit shareholders in assessing its management of related risks.*

##### LAM commentary on executive remuneration

*A vote FOR this proposal is warranted due to the scope of the proposal, and the fact that the company faces growing regulatory pressure and regulatory scrutiny in this area. Shareholders would benefit from additional information about how company executives are incentivized to increase consumer privacy protections.*

##### LAM commentary on severance arrangements

*LAM agrees with the proponent that a company's parachute provisions should be reasonable and not excessive. To be effective without creating distorted incentives with respect to management, severance arrangements must be considerably less attractive than continued employment with the company.*



## **Northrop Grumman Corporation, 24 March 2020**

### Summary of resolutions, votes and outcomes

LAM voted for a proposal (against Management) for a human rights impact assessment report.

### LAM commentary

*A vote FOR this proposal is warranted, as additional information regarding the processes the company uses to assess human rights impacts in its operations and supply chain would allow shareholders to better gauge how well Northrop Grumman is managing human rights related risks.*

## **Walmart Inc., 9 April 2020**

### Summary of resolutions, votes and outcomes

LAM voted for a proposal (against Management) for a report on the impacts of single-use plastic bags.

### LAM commentary

*A vote FOR this proposal is warranted, as shareholders would benefit from additional information about how the company will meet its sustainability commitments while continuing to distribute single-use plastic shopping bags, as well as the environmental impacts of that choice and the company's management of related risks and benefits.*

## **The Procter & Gamble Company, 14 August 2020**

### Summary of resolutions, votes and outcomes

LAM voted for a resolution to report on efforts to eliminate deforestation and a proposal to publish an annual report on diversity and inclusion efforts. Each vote was opposed by Management.

### LAM commentary on the deforestation report

*A vote FOR this resolution is warranted, as shareholders would benefit from additional information on the company's strategy to manage its supply chain's impact on deforestation.*

### LAM commentary on the diversity and inclusion report

*A vote FOR this resolution is warranted, as reporting quantitative and comparable diversity statistics would allow shareholders to better assess the effectiveness of the company's diversity initiatives and its management of related risks.*

## **3.3.3 Ruffer**

## **Walt Disney, 11 March 2020**

### Summary of resolutions, votes and outcomes

Ruffer voted for a shareholder resolution requesting existing disclosures on lobbying activities, 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, 24 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, 6 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, 14 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.*

## **National Oilwell Varco, 20 May 2020**

### Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of four non-executive directors, due to concerns about their lack of independence. The re-election proposals passed with a range of 88-95% 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.*

## **Exxon Mobil, 27 May 2020**

### Summary of resolutions, votes and outcomes

Ruffer voted in favour of two shareholder resolutions: for further disclosure of the company's lobbying activities and for an independent board Chair. Both proposals failed with 62.5% and 67.3% votes against respectively. Ruffer also voted against the re-election of each non-executive director, due to frustration with the limited progress made by Exxon Mobil in relation to climate change. All re-election proposals were passed with 83-98% approval.

### Ruffer commentary on further disclosure of the company's lobbying activities

*This is an important issue, particularly in the US due to the nature of the political system, given the effectiveness of trade associations in lobbying governments around the world. The additional information would allow us to make a better-informed investment decision and so we supported the resolution.*

*The company has committed to regularly review their memberships in trade association and reports some of the results publicly. 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. For the purpose of these resolutions, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation, regulation, or government policy (b) reflects a view on the legislation, regulation or policy and (c) encourages the recipient of the communication to take action with respect to the legislation, regulation or policy. "Indirect lobbying" is lobbying engaged in by a trade association or other organization for which the Company is a member. We will further engage with the company on the issue of lobbying and use our voting rights to underline this issue.*

### Ruffer commentary on an independent board Chair

*We voted for the separation of CEO and Chair as we believe that the effectiveness of the board could be improved. We have since sold down the equity considerably.*

### Ruffer commentary on the re-election of non-executive directors

*We stressed that we would like ExxonMobil to further align its strategy with the goals of the Paris Agreement and accept responsibility for its scope 3 emissions. We discussed the progress the European oil and gas companies have made in recent months and suggested that the company join the Energy Transition Commission. As one of the largest oil and gas companies in the world, we emphasised that we would like to see ExxonMobil helping to address the issues facing the sector. Due to the limited progress since the 2019 AGM, we decided again to vote against the re-election of all non-executive directors because we do not think they have been representing the best interests of shareholders owing to the slow progress of the engagement with the Climate Action 100+ initiative.*

*We voted against the non-executive directors due to the inflexibility the company has shown in relation to shareholder engagement on the topic of climate change. We have since sold down the equity considerably.*

## **Mitsubishi Electric, 26 June 2020**

### Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of an independent director, due to concerns about his lack of independence. The re-election proposals passed with a range of 76-82% shareholder approval.

### Ruffer commentary

*While we appreciated the recent changes to the board structure, including that sub-committees are now chaired by independent directors, we still had concerns over Mr Oyamada. We do not believe that Mr Oyamada is independent given he is a senior advisor to MUFG Bank which holds shares in Mitsubishi Electric. We will continue to engage with Mitsubishi Electric to improve the independence of the Board.*

Summary of resolutions, votes and outcomes

Ruffer voted for three shareholder resolutions relating to the company's climate transition plan. The three resolutions passed with a range of 97-99% approval.

Ruffer commentary

*We voted for three shareholder resolutions requesting that the company submits its climate transition plan to a shareholder advisory vote at its 2021 AGM and provides updates to its plan on an annual basis from 2022. We believe that climate change-related risks may be significant for the long-term performance of Aena, and therefore we supported these resolutions. Management have committed to giving shareholders an annual vote on its climate transition plan, a significant step and Aena is the first company to do so. We are likely to see more 'Say on Climate' votes filed in 2021 and would expect to support them, particularly in cases where we believe there are long term performance implications from the business proactively addressing climate change related risks*