Implementation Statement, covering the SG UK Defined Benefit Pension Scheme Year from 1 January 2022 to 31 December 2022.

The Trustee of the SG UK Defined Benefit Pension Scheme (the "Scheme") is required to produce a yearly Statement setting 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 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, the Trustee (including the most significant votes cast by the Trustee or on its 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 Scheme Year. The Scheme SIP was last reviewed and updated in August 2021.

The Trustee has, in its 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 Trustee took several steps to review the Scheme's existing managers and funds over the period, as described in Section 3 below.

2. Investment strategy

The Trustee monitored the asset allocation on a quarterly basis and compared this to the strategic asset allocation. The actual asset allocation did not deviate materially from the strategic allocation over the Scheme Year and therefore the Trustee undertook no rebalancing action. £11m of gilt/collateral in the L&G sustainable credit portfolio was replenished in August 2022, taken from the BlackRock LDI portfolio.

In June 2022 the Trustee reviewed whether to rebalance assets in order to reduce the Scheme's expected return, which had risen above tolerance levels. It was decided not to rebalance assets, in anticipation of fuller journey planning discussion.

3. 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.

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 Trustee meeting on 9 December 2022, the Trustee discussed and agreed stewardship priorities for the Scheme which were: Climate Change and Business Ethics. Business Ethics refers to companies respecting the law and applicable regulations, as well as taking broader responsibility towards stakeholders, non-stakeholders and the environment to improve and address ethical principles and moral issues that can arise in a business environment. Business Ethics encompasses but is not limited to issues such as culture, setting and enforcing behavioural standards and corporate social responsibility.

At its meeting on 14 November 2022, the Trustee's Investment Sub Committee discussed six important ESG factors that were identified by LCP's clients in LCP's 2022 ESG survey, and recommended that Climate Change and Business Ethics are chosen as the Scheme's stewardship priorities. These priorities were selected as Climate Change has been a Scheme focus over the years and ranks as one of the most important global risks. Business Ethics was also an important priority as investing in unethical companies can result in poor investment performance and reputational damage. The Trustee communicated these priorities to its managers in early 2023. All the Scheme's investment managers acknowledged the notification and confirmed that these priorities are taken into account in their ongoing stewardship and engagement activities with investee companies.

When Ruffer, L&G, and BlackRock presented to the Trustee's Investment Sub Committee during the Scheme Year, the Committee asked several questions about the managers' voting and engagement practices and were broadly satisfied with the answers they received. The Committee also reviewed reports from Ruffer, L&G and BlackRock on voting and engagement activities undertaken on their behalf in respect of the equities and bonds held in these managers' portfolios. In addition, the Committee reviews and discusses quarterly reports from the Scheme's investment adviser summarising its view on the managers' engagement activities across a range of current issues.

4. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds, and the Trustee has delegated to their 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 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 physical equities as follows:

- L&G World Emerging Market Equity Index Fund (part of the Scheme's emerging market multi-asset portfolio); and
- Ruffer Total Return Fund.

The Scheme also holds a synthetic equity overlay within its LDI portfolio managed by BlackRock. As this portfolio consists of equity derivatives and not physical equities, there are no voting rights on these holdings.

4.1 Description of the voting processes

4.1.1 Ruffer

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

<u>What is your policy on consulting with clients before voting?</u>

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 concern or specific companies where feasible.

<u>Please provide an overview of your process for deciding how to vote.</u>

Framework

At Ruffer, we endorse the Financial Reporting Council's definition of stewardship in its proposed revision of the Stewardship Code as '…the responsible allocation and management of capital across the institutional investment community to create sustainable value for beneficiaries, the economy and society.' We act as stewards of our clients' assets and so we use our professional judgement to determine when to engage and how to vote at shareholder meetings to best protect the economic 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 the

Remuneration and Share Schemes Committee 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, 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.

Conflict of interest

Ruffer is a partnership, and this structure aligns our interests with those of our clients. Our senior staff share in the long–term profitability of the firm, so they are interested in investment returns and client relationships that are sustainable. Where conflicts of interest on voting or engagement exist between Ruffer, and/or a particular client and our wider client base, it is Ruffer's policy to act in the best interests of all our clients. Ruffer has identified a potential conflict of interest when voting on in-house funds, such as the Ruffer Investment Company and Ruffer UCITS. Ruffer ensures that the managers of the relevant fund are excluded from the voting decision making process for the fund they manage (although they are allowed to explain the reasons why they think the vote should be supported). In order to further eliminate potential conflict of interests, the justifications and the decision making process on every item are clearly documented.

Reporting

Since 2015 we have published an annual report, which presents our approach to responsible investment and stewardship activities in detail. The report includes aggregated quantitative and qualitative voting data, detailed case studies in relation to our engagement activities and an overview of the engagement themes that were prevalent throughout the year. In line with the SRD II requirements, we disclose resolution level voting data on our website for all holdings in 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). We review Ruffer's voting results on a quarterly basis. We currently regard these processes as sufficient but we review the necessity of an external audit on an annual basis. Ruffer can also provide clients with specific information on stewardship activities. These reports can include a statistical summary of the number and types of resolutions we have opposed, a detailed report listing all the resolutions we voted on and a summary of our engagement highlights and key ESG issues. We also provide our PRI Assessment Report on request.

<u>How, if at all, have you made use of proxy services over the year to 31 December 2022?</u>

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.

<u>What process did you follow for determining the "most significant" votes?</u>

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.

4.1.2 L&G

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

<u>What is your policy on consulting with clients before voting?</u>

L&G'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, L&G 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.

<u>Please provide an overview of your process for deciding how to vote.</u>

All decisions are made by L&G'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.

<u>How, if at all, have you made use of proxy services over the year to 31 December 2022?</u>

L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G 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.

<u>What process did you follow for determining the "most significant" votes?</u>

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, L&G 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, L&G has regularly produced case studies and/ or summaries of L&G'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, L&G'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 L&G'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 L&G engagement campaign, in line with L&G 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.

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

It is vital that the proxy voting service are regularly monitored and L&G 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.

L&G has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes L&G'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 L&G'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 L&G's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

4.2 Summary of voting behaviour over the Scheme Year

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

	Ruffer	L&G
Fund name	Total Return Fund	World Emerging Markets Equity Index Fund
Total size of fund at end of the Scheme Year	£3,467m	£4,701m
Value of Scheme assets at end of the Scheme Year (£ / % of total Scheme assets)	£20.4m / 3.9%	£26.5m / 5.1%
Number of equity holdings at end of the Scheme Year	48	1694
Number of meetings eligible to vote	96	4,180
Number of resolutions eligible to vote	1,605	35,615
% of resolutions voted	98%	100%
Of the resolutions on which voted, % voted with management	95%	79%

Of the resolutions on which voted, % voted against management	5%	19%
Of the resolutions on which voted, % abstained from voting	0%	2%
Of the meetings in which the manager voted, % with at least one vote against management	41%	54%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	6%	7%

4.3 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. Please note that this is not an exhaustive list. We have used our discretion to choose "most significant vote" resolutions from those provided by the managers, aiming to provide a broad range of example resolutions that the Plan's investment managers typically vote on.

4.3.1 Ruffer Total Return Fund

Equinor ASA, Norway, 11 May 2022

Summary of resolutions, votes and outcomes

Ruffer voted to approve the company's energy transition plan. The resolution passed with 96.6% votes in favour.

Relevant stewardship priority: Climate change

Ruffer commentary

Ruffer voted for Equinor's transition plan because it is their policy to support efforts to decarbonise. Equinor is at the forefront of offshore wind developments and Ruffer were impressed by their business success in that area. They have engaged with the company and discussed their plan and disagree with ISS's assessment. Equinor are one of few companies who have been profitable in aiming to decarbonise and Ruffer aims to support that. They will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives. Ruffer believe this vote will be of particular interest to their clients. The management resolution aims to increase the transparency of the company's climate transition planning and outcomes.

Cigna Corporation, United Kingdom, 27 April 2022

Summary of resolutions, votes and outcomes

Ruffer voted against a resolution requesting a report on gender pay gap within the company. The resolution failed with 66.8% votes against.

Relevant stewardship priority: Business ethics

Ruffer commentary

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, in Ruffer's view, shareholders have enough information to assess how effectively company practices are working to eliminate discrimination in pay and opportunity in its workforce. Therefore, in Ruffer's assessment, support for this resolution is not warranted at this time. Ruffer will continue to vote on shareholder resolutions that affect transparency over Diversity, Ethnicity, and Inclusion efforts. Ruffer believe this vote will be of particular interest to their clients. We support management in their efforts to provide accurate and transparent information on Gender Pay Gaps.

Meta Platforms, Inc, United States, 26 May 2022

Summary of resolutions, votes and outcomes

Ruffer voted for a shareholder resolution requesting a third-party human rights impact assessment on the company's policy and practices relating to targeted advertising. The resolution failed with 76.2% votes against.

Relevant stewardship priority: Business ethics

Ruffer commentary

Facebook has received substantial media backlash over the use of its targeted advertising to discriminate against marginalized groups. Although the company has recently tightened its restrictions for targeting options, it still appears to be facing scrutiny on the topic. It has faced a number of legal risks due to lawsuits from the ACLU, HUD, FTC, and others. Given the large amount of company revenue that comes from advertisements, Ruffer believe a third-party human rights impact assessment on the company's policies and practices related to targeted advertising could help shareholders assess Meta's management of human rights related risks. Ruffer will continue to vote on shareholder resolutions that affect transparency over Diversity, Ethnicity, and Inclusion Efforts. Ruffer believes this vote will be of particular interest to their clients. They support shareholder resolutions in their effort to get accurate and transparent information on the company's revenue streams.

L&G World Emerging Markets Equity Index Fund

Pinduoduo, Inc, China, 31 July 2022

Summary of resolutions, votes and outcomes

L&G voted against electing Lei Chen as Director. The proposal passed with 99% shareholder support.

L&G commentary

L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight. LGIM voted against as they expect companies to elect an independent lead director where there is a combined Board Chair and CEO.

Capitec Bank Holdings Ltd, South Africa, 27 May 2022

Summary of resolutions, votes and outcomes

L&G voted against re-electing Santie Botha as Director. The proposal passed with 93.9% shareholder support.

Relevant stewardship priority: Business ethics

L&G commentary

L&G expects a company to have a diverse board, with at least 25% of board members being women. They expect companies to increase female participation both on the board and in leadership positions over time. Additionally, L&G expects a CEO/CFO or a non-executive director not to hold too many external roles to ensure they can undertake their duties effectively.

Yihai Kerry Arawana Holdings Co., Ltd., China, 9 June 2022

Summary of resolutions, votes and outcomes

L&G voted against approving the annual report and summary. The proposal passed with 100% shareholder support.

Relevant stewardship priority: Climate change

L&G commentary

L&G voted against as the company is deemed to not meet minimum standards with regard to climate risk management. L&G will continue to engage with the company and monitor progress. L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.