Marston's PLC Pension and Life Assurance Scheme – Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustee, has been followed during the year to 30 September 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the engagement policies in place in the context of the investment objectives they have set.

The Trustee's principal objective, included in the SIP, is for the Scheme to achieve a fully funded status on the Technical Provisions basis in a reasonable timeframe.

In seeking to achieve this principal objective, the Trustee also considers a number of secondary objectives:

- First, the Trustee seeks to invest funds in order to meet the current and future benefits which the Scheme provides; these include investment of Employer contributions.

- Second, it is an objective to achieve growth in the value of investments greater than the growth of liabilities over the long term. This requires an investment approach which invests in return seeking assets but at the same time aims to protect against changes in the value of liabilities. The Trustee aims to achieve this by holding a diversified portfolio of growth and defensive assets including annuity contracts as well as receiving support from the Employer.

- Third, benchmarks and targets are established for each asset class, as set out in the IPID.

The Trustee has agreed that the long-term funding and investment objective for the Scheme is to target becoming fully funded on a gilts + 0.5% p.a. basis. Over the 12 months to 30 September 2022, the Scheme invested in the Global Buy and Maintain credit mandate with BlackRock in order to improve the diversification of assets and cashflow generation within the Scheme's portfolio, funded through the sale of a portion of the Scheme's global equity holdings.

Assessment of how the policies in the SIP have been followed for the year to 30 September 2022

The information provided in the following section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP.

The strategic benchmark has been determined using appropriate economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

Policies in relation to the Scheme's investment strategy, day-to-day management of the assets, and associated risks

Please refer to Sections 5, 6, and 7 of the SIP for the Scheme's policies around its investment strategy, the day to day management of the assets, and the associated risks.

The Trustee's investment strategy is to invest in a diversified range of investments that will deliver the expected return required to meet the above objectives and to support the Technical Provisions discount rate whilst being expected to improve the funding level over time.

The Trustee will hold investments such as equities, corporate bonds, government bonds and derivatives in order to deliver the required expected returns in a risk controlled way. The Trustee will also invest in annuity contracts (buy-in policies) to reduce liability risks including longevity risk.

The Scheme's investment consultant supplies the Trustee with the following on a quarterly basis for each of the Fund's investments:

- Investment returns and performance commentary;
- Updates and developments, if applicable, for each manager and fund;
- A Manager Research rating;
- An ESG rating.

The Trustee use Trustee meetings to ask questions of the investment consultant, and will also invite managers to present directly to the Trustee from time to time.

The Trustee recognises risk (both investment and operational) from a number of perspectives in relation to the investments held within the Scheme. As detailed in Section 5 of the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, and the choice of fund managers.

As the Fund invests in pooled investment vehicles, the Trustee accepts that they have no ability to specify the risk profile and return targets of the manager, but believe that appropriate mandates can be selected to align with the overall investment strategy.

The Trustee recognises the need to hold investment managers and advisers to account. Whilst the day-to-day management of the Scheme's assets are delegated to the Investment Managers, all other investment decisions including strategic asset allocation and selection and monitoring of Investment Managers is based on advice received from the Investment Consultant. Mercer Limited has been appointed for this purpose.

In December 2019, the Trustee put in place investment objectives for its Investment Consultancy Provider, Mercer, and its performance will be reviewed on a regular basis. The objectives may be revised at any time but will be reviewed at least every three years, and after any significant change to the Scheme's investment strategy and objectives. In December 2022 the trustee reviewed the existing objectives and concluded that they remained fit for purpose. The Trustee will review Mercer against those objectives in 2023.

The intention of these objectives is to ensure the Trustee is receiving the support and advice it needs to meet its investment objectives. The objectives set cover both short and long term objectives across strategy, monitoring, compliance and regulation, client servicing and relationship management and member engagement and communications.

Policy on ESG, Stewardship and Climate Change

The following work was undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. This was last reviewed in March 2022.

In 2019, the Trustees undertook investment training provided by their investment consultant on responsible investment which covered ESG factors, stewardship, climate change and ethical investing. The Trustee went on to review their equity portfolio mandates following a discussion during the February 2020 Investment Committee meeting, where they agreed that the level of ESG integration within the Scheme's equity portfolio should be improved.

As a result of the equity portfolio review, the Trustee decided to disinvest from the BlackRock Global Developed Fundamental Indexation Fund, and invested the proceeds into the BlackRock ACS World Multifactor ESG Equity Tracker Fund. The GBP unhedged allocation was transitioned over September 2020. The GBP Hedged allocation was switched during August 2021 following BlackRock's launch of the GBP hedged version of the ACS World Multifactor ESG Equity Tracker Fund and following the Trustee's decision at the 27 July IC meeting. Following further de-risking undertaken in early October 2022, the Scheme now has a 10% allocation (of non-insured assets) to BlackRock ACS World Multifactor ESG Equity Tracker Fund (GBP Hedged and Unhedged mandates), improving ESG integration and factor exposure.

In February 2022, the Trustee decided to implement a buy and maintain credit mandate with BlackRock in order to improve the diversification of assets and cashflow generation within the Scheme's portfolio. It was agreed that the allocation to this asset class would be equivalent to 10% of the Scheme's non-insured assets, and would be funded through the sale of a portion of the global equity holdings. The decision to introduce an allocation to a buy and maintain credit mandate was made following advice received from the Scheme's investment consultant, with a view to begin reducing the overall level of risk of the Scheme's asset portfolio in light of the relative strengthening of the funding position over recent years.
The Trustee keeps their policies under regular review with the SIP subject to review at least triennially.

In 2021, the Trustee has also received an ESG benchmarking report from their investment consultant, which sets out how the Scheme's investments compare from an ESG perspective versus the wider universe of managers/funds that Mercer research within the relevant asset classes. The results of this ESG peer group analysis showed that all of the Scheme's investment managers score higher than average when compared against the wider universe of managers within each asset class, from an ESG perspective (with the exception of the LDI mandate which does not currently have an ESG rating due to the underlying assets held in this mandate). Additionally, the Trustee undertook additional investment training provided by their investment consultant on responsible investment with the purpose to expand Trustee's knowledge, targeting ESG integration and climate change risk mitigation for the Scheme.

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has given the Investment Managers full discretion when evaluating ESG issues, including climate change considerations, and in exercising rights and stewardship obligations attached to the Scheme's investments.

Similarly, the Scheme's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers, through the use of ESG ratings provided by the Scheme's investment consultant.

The investment consultant's performance report is reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific ESG). All of the managers remained generally highly rated during the year. Where managers may not be highly rated from an ESG perspective the Trustee continues to monitor. When implementing a new manager the Trustee considers the ESG rating of the manager. The investment performance report includes how each investment manager is delivering against their specific mandates.

Voting and Engagement Activity

The Trustee requested that the investment managers confirm compliance with the principles of the UK Stewardship Code. All managers confirmed that they are signatories of the current UK Stewardship Code and submitted the required reporting to the Financial Reporting Council in order to be on the first list of signatories for the UK Stewardship Code 2020 that took effect on 1 January 2021.

The Scheme's investment managers engaged with companies over the year on a wide range of different issues including Environmental, Social and Governance factors. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (i.e. those linked to the Paris agreement). The Scheme's managers provided examples of instances where they had engaged with companies they were invested in/about to invest in which resulted in a positive outcome. These engagement initiatives are driven mainly through regular engagement meetings with the companies that the managers invest in or by voting on key climate-related resolutions at companies' Annual General Meetings. The resolutions are often co-filed by a number of investors who indicate or not their support for the resolution to the company's management. Summaries provided by the investment managers are set out below:

BlackRock

BlackRock takes an integrated approach to reviewing corporate governance practices and engagement and voting, to the extent possible, as this could result in both better-informed decisions and a more consistent dialogue with companies. In this respect, stewardship activities are coordinated in the region by the EMEA BlackRock Investment Stewardship (BIS) team.

BlackRock seeks to have regular and continuing dialogue with the companies in which their clients invest. When they engage, they aim to ask informed and focused questions that help them improve their understanding of a company's business and material governance and sustainability-related risks and opportunities, as well as understand the effectiveness of the company's management and oversight of the drivers of enterprise risk and value creation. They will also, where appropriate, engage proactively to promote sound governance and business practices to help maximize long-term shareholder value for our clients.

In addition, BlackRock's active portfolio management teams regularly meet with the management of EMEA-incorporated companies in which their clients' funds are invested to discuss strategy and performance, as well as, where necessary, the aspects of corporate governance for which management is responsible. BIS works with the active portfolio managers when preparing engagements and both teams sometimes engage with companies jointly.

As part of their engagement with companies, they will be looking for CEOs to reaffirm to shareholders annually a strategic framework for durable long-term value creation. Additionally, because boards play a critical role in strategic planning, CEOs should explicitly affirm that their boards have reviewed those plans. When companies set out a clear and succinct framework, they may not need to engage with them on a frequent basis, allowing them to focus on those companies where there are performance issues.

Engagement is core to their stewardship efforts as it provides them with the opportunity to improve their understanding of the business risks and opportunities that are material to the companies in which their clients invest, including those related to environmental, social, and governance (ESG) matters. Engagement also informs their voting decisions. As long-term investors on behalf of clients, they seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business models, as well as to understand the effectiveness of the company's management and oversight of material issues. Blackrock believe engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where they believe they could be enhanced. Similarly, it provides them an opportunity to hear directly from company boards and management on how they believe their actions are aligned with sustainable, long-term value creation. They primarily engage through direct dialogue but may use other tools such as publications and correspondence to share their perspectives.

Engagement is core to BlackRock's stewardship program as it helps them assess a company's approach to governance, including the management of relevant environmental and social factors. To that end, they conduct more than 3,500 engagements a year on a range of ESG issues likely to impact their client's long-term economic interests.

For 2022, BlackRock are focusing on the following five engagement priorities:

- Board quality and effectiveness – Quality leadership is essential to performance. Board composition, effectiveness, diversity and accountability remain top priorities.
- Strategy, purpose and financial resilience – A purpose driven long-term strategy, underpinned by sound capital management, supports financial resilience.
- Incentives aligned with value creation – Appropriate incentives reward executives for delivering sustainable long-term value creation.
- Climate and natural capital – Business plans with targets to advance the transition to a low-carbon economy. Managing natural capital dependencies and impacts through sustainable business practices
- Company impacts on people – Sustainable business practices create enduring value for key stakeholders – employees, customers, suppliers and communities

The priorities outlined above are aligned with the firm's commitment to make sustainability BlackRock's standard for investing and to support the goal of net zero greenhouse gas emissions by 2050 or sooner.

BlackRock has as an ESG Capital Markets working group, including investment professionals globally across fixed income asset and capital markets, specifically focused on driving innovation and diversifying issuance in ESG oriented fixed income securities, working directly with issuers and dealers to expand issuance across sectors and market new concepts. They have been a signatory of the UN Principles of Responsible Investment (UN PRI) since 2008 and as such make sure that ESG factors are incorporated and adhered to in their approach to investment and engagement.

BlackRock are also a founding member of the Task Force on Climate-related Financial Disclosures (TCFD) and since 2017 have been working to increase the transparency of their climate related disclosures. BlackRock joined the Climate Action 100+ in January 2020, a group which engages with companies to improve climate disclosure and align business strategy with the goals of the Paris Agreement, taking a global approach to combating climate change.

Insight

Insight's purpose is to build a better future for their clients. To achieve this, they work to support stable and resilient social, environmental and economic systems and efficient, well-managed financial markets. These, in turn, will help them to achieve their clients' target investment outcomes.

Insight believe integrating ESG issues into their investment processes, and in their dialogue with issuers and other stakeholders, supports better investment decisions and can have the potential to help clients achieve their desired outcomes. They have provided the following wording in relation to the firm's engagement activities:

"As a leader in investment management, Insight understands that we must demonstrate the highest standards of accountability and transparency in our stewardship programme. We have an unwavering commitment to stewardship. We believe effective stewardship includes taking clients' needs into account and working for the benefit of all stakeholders. Given Insight's business focus on risk management, liability driven investment (LDI) and fixed income, for clients with very long-term investment horizons, our activity looks different when compared to the activity of many of our peers in the investment management industry, which focus largely on equities. We aim for transparency across all our activities, and collaborate with stakeholders where we believe we can maximise the impact of our engagement.

Engagement with issuers is a key part of our credit analysis and monitoring and complements our approach to responsible investment. As a matter of policy, all our credit analysts regularly meet with issuers to discuss ESG related and non-ESG related issues. Given the size and depth of our credit analyst resource, one of the key inputs into our ESG analysis is the direct information which we receive from companies via engagements that take place. We also have a dedicated stewardship programme, which includes our prioritised ESG engagement themes. Our prioritised themes for this year are climate change, water management, and diversity and inclusion. We use a research-led approach to identify the worst performers to initiate targeted engagement to encourage change across each of these themes.

We are focussed on driving positive change throughout the market at both an individual issuer level and also market wide, as evidenced by our membership to an extensive list of working groups and initiatives outlined on the next sheet. In particular, our involvement with Climate

Action 100+: the world's largest investors unite for change, which aligns investor engagement to encourage the world's largest carbon emitting companies to take action on climate change.

Insight was appointed to the ICMA's (International Capital Market Association) Advisory Council for the Green and Social Bond Principles, globally the most prominent group guiding the development of impact bond guidelines."

In regards to the Broad Opportunities Fund in which the Scheme invests, Insight have provided the following wording in their latest Engagement Report:

"The Fund follows a global macro approach targeting long-term growth through dynamic asset allocation across a broad range of asset classes, much of the Fund's exposure is taken through derivative instruments. Please note the Fund currently holds 11 direct investment positions in listed infrastructure. During the 12 months to 30 September 2022, we engaged with all of the Fund's direct investment positions.

In relation to portfolio's infrastructure holdings, we undertook 34 engagements including 4 with companies not held in the portfolio during the 12 months to 30 September 2022."

Over the reporting period Insight engaged with 609 entities and had a total of 909 engagements.

M&G Investments

M&G as an asset manager are committed to achieving carbon net zero investment portfolios by 2050, across our total assets under management, and to align with keeping global warming to 1.5°C.

M&G are a founding member of the Net Zero Asset Managers Initiative. In 2021 they published their initial interim net zero target for 2030 to reduce Scope 1 & 2 carbon emissions by 50% for £58 billion in public listed equities and debt securities, using 2019 as the baseline year. The £58 billion committed represents 20% of their total AUM as an asset manager, excludes their real estate portfolios and is managed on behalf of their internal asset owner. They are not including Scope 3 emissions at this stage due to poor data availability. By focusing initially on this pool of assets, they are developing best practices in alignment to net zero and will be in a good position to add further assets under management over time.

They aim to become carbon net zero by 2030 across our corporate operations. The impact of their corporate emissions is relatively small compared to that of their investment portfolios, but they aim to lead by example and therefore have set themselves net zero targets, aligned with the Paris Agreement.

Their journey towards our net zero target has four main tracks:

- Engaging with investees to ensure they have science based, carbon transition plans aligned with the goals of the Paris Agreement.
- Engaging with clients and customers to encourage a move towards Paris-alignment of mandates and fund objectives.
- Increasing capital directed to climate solutions, companies and projects.
- Transitioning portfolios, or if unsuccessful, divesting.

Their new Net Zero Investment Framework (NZIF) draws on their work as a member of the Paris Aligned Investor Initiative and the Institutional Investor Group on Climate Change (IIGCC) to establish actions, metrics and methodologies to enable them to decarbonise their portfolios, reduce climate-related risk and allocate more to climate solutions. They do not take a linear approach to decarbonisation because this can create unintended consequences: such as incentivising divestment to pass the problem onto someone else, and missing out on transition related opportunities. They believe that encouraging intensive emitters to put in place robust transition plans and invest in climate solutions is a more responsible and effective approach.

M&G has also provided the Trustee with their approach to engagement in relation to the Illiquid Credit Strategies in which the Scheme invests, which is set out below:

- *For private assets, where due to their illiquid nature we typically hold them until maturity, the majority of engagement is conducted during the initial due diligence phase and forms an important part of our initial credit assessment.*
- *Due diligence is typically carried out before investing to determine the borrower's ability to repay and the quality of the assets to provide the required risk-adjusted returns over the long term allowing time for engagement on ESG issues prior to new issuance. This is important as it places greater emphasis on getting the initial due diligence right and therefore assessing all material financial and non-financial (ESG) risks.*
- *Material ESG risks are flagged as part of the M&G ESG scorecard process during the due diligence phase (and then on an ongoing basis). The scorecard, which is based on the SASB materiality framework, enables the fund managers to identify ESG laggards in each sector and therefore provides the ability to assess non-financial risks specific to each company.*
- *For climate data and to overcome the reporting gaps in the private world, we have developed an in-house estimation tool with a view to monitoring and encouraging reduction in direct and indirect carbon emissions over time. If there is no company disclosure, our estimation model uses inputs (sector, revenue, number of employees) and employs machine-learning - based on a databank of some 3,000 listed companies - to derive Scope 1 & 2 estimates. Our carbon estimation tool has enabled fund managers to identify those companies most exposed to transition risk and act accordingly, for example through targeted engagement. Our ability to quantify a company's exposure to transition risk through reporting on carbon emissions has also aided the investment process.*
- *While we consider it essential to include ESG issues in our investment analysis, we do not make investment decisions based solely on our ESG views. Rather, investment decisions are made after giving appropriate consideration to all factors that influence an investment's risk or return.*

Ruffer

Ruffer define responsible investment as the integration of ESG considerations throughout their research and investment processes, security selection and portfolio construction. They consider engagement essential to delivering on their stewardship objectives.

Ruffer became a signatory to the Principles for Responsible Investment (PRI) in January 2016 in order to demonstrate their commitment to integrating ESG into their investment approach.

They engage predominantly with companies on material ESG issues identified as part of their listed equity investment research and oversight processes. For their holdings in sovereign bonds, they may engage with the issuer but, as a price taker in these securities, they have limited ability to enact change. In the case of securities held in protection strategies (which may include credit, index-linked derivatives, credit default swaps or single-security instruments), they have little or no opportunity or legal right to effect change through engagement.

Ruffer believes that engagement is an effective tool for achieving meaningful change, and they are committed to engaging with companies on a wide range of topics. They encourage management to adopt appropriate policies, activities and disclosure in line with established best practices. They engage issuers through a combination of targeted individual discussions and collaborative investor initiatives. Ruffer priorities engagement where they have identified material financial, reputational or regulatory risks. Interactions typically involve a combination of face-to-face meetings, video calls, telephone calls and written communication.

When an ESG issue is identified, Ruffer will usually raise it directly with investor relations, sustainability experts, company management or executive or non-executive directors.

In some instances, Ruffer believe collaboration with other investors may be the most productive way to achieve the desired outcome, particularly if their concerns are shared or individual engagement has not been successful. Collaborative engagement can also provide a platform to engage on wider sector, regulatory and policy matters with investors and other stakeholders. Decisions to collaborate on company specific matters are judged case-by-case by the Committee, with input from the Responsible Investment team, Research Analysts and Portfolio Managers.

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.

The Trustee has delegated their voting rights to the investment managers.

Investment managers are asked to provide voting summary reporting on a regular basis.

When the investment managers present at Trustee meetings, the Trustee asks the investment managers to highlight key voting activity and the impact on the portfolio.

The Trustee does not use the direct services of a proxy voter.

Voting activity is most relevant to the Scheme's equity holdings with BlackRock and the Diversified Growth Fund investments with Insight and Ruffer, where the Scheme has exposure to equities.

Over the last 12 months, some of the key voting activity on behalf of the Trustees was as follows:

BlackRock

BlackRock votes annually at approximately 173,000 management shareholder proposals, taking a case-by-case approach to the items put to a shareholder vote. BlackRock analysis is informed by their internally developed proxy voting guidelines, pre-vote engagements, research, and the situational factors at a particular company.

In regards to the ACS World Multifactor ESG Equity Tracker Fund in which the Scheme invests, of the 3,022 resolutions eligible to vote (at 201 meetings), 94% were voted on behalf of the Trustee, of which 93% voted with management, 6% against management and 1% abstained from voting.

Additionally, BlackRock provided examples of where they have engaged with a company they are invested in within the portfolio along with the respective outcome. We show one of these examples below:

- Intel Corporation – BIS has had an extensive and constructive engagement history with Intel's board - including members of the company's compensation committee – and with the management team. BlackRock's engagements with Intel have touched on a range of corporate governance issues which they believe are material to investors' financial interests; particularly board composition, succession planning in the wake of CEO Bob Swan's departure last year, and compensation plans for named executive officers at the company, including Mr. Swan's replacement, Pat Gelsinger. Blackrock did not support a management proposal to ratify their named executive officers' compensation program due to their continuing concerns that compensation as currently structured is not aligned with sustained long-term shareholder value creation. Intel's Board also proposed to oversee an independent third party audit analyzing whether written or unwritten norms at Intel reinforce racism in company culture, and report to shareholders on planned remedies the Board intends to take in response. BIS recognized that civil rights audits can benefit companies by identifying and helping to address possible material risks to long term shareholders value. However, they did not support this shareholder proposal, as they believe that Intel is a recognized industry leader and implementing and disclosing diversity, equity and inclusion policies and actions in relation to their workforce.

<u>Ruffer</u>

In regards the Diversified Growth mandate in which the Scheme invests, of the 772 resolutions eligible to vote (at 48 meetings), 100% were voted on behalf of the Trustee, of which 96% voted with management,4% against management.

Additionally, Ruffer highlighted the bellow significant votes during the year in reference to the Scheme's holdings:

- Cigna Corporation (as at the date of the vote, the approximate size of the mandate's holding was 1.54% of the Ruffer portfolio) – On the subject of a report on gender pay gap. Cigna uses an "equal pay for equal work" statistic and reports that there are no materal differences in pay data related to gender or race. Although the equal pay for equal work statistic is subjective in that it allows the company to define what it considers an "equal job", the company does report its gender representation statistics and it additionally set a parity goal for leadership positions. As such, shareholders have enough information to assess how effectively company practices are working to eliminate discrimination in pay and opportunity in its workforce. Therefore Ruffer did not support the resolution at this time.
- H&M – Ruffer met with members of the H&M management team in 2022 to discuss the independence of two Board Directors and their positions on the audit committee.

They did not feel their concerns were adequately addressed and, as a result, they escalated their engagement by writing to the Board of Directors. They reiterated their view that the Chair of the Audit Committee, Christian Sievert, is compromised by his position as CEO of the investment firm of which the founding family of H&M is a majority shareholder. He has also been a director for 12 years – a long tenure, which they believe can lead to a director becoming entrenched and therefore less independent. Anders Dahlvig, another member of the Audit Committee, has a similar tenure, so they believe a refresh is overdue. They requested a meeting with the Board to discuss their concerns and made clear that they would consider alternative measures (including divestment) if they could not reach a conclusion.

- Science Group - Following the launch of Science Group's sustainability initiative, Ruffer discussed the company's efforts and enhanced focus in this space. In 2021, Science Group held a forum with the Chief Technology Officers of several of the world's largest companies (the 2021 CTO Forum), which operate across the supply chain. The forum's focus was on collaborating to create a map for how these large companies can successfully meet their Net Zero commitments. Given Science Group's expertise in the innovation and regulatory spaces, it is well placed to consult these companies on how to address greenhouse gas emissions reduction effectively.

  Following the CTO Forum, Science Group published the Net Zero Playbook. As a key shareholder, Ruffer encourage Science Group's continued efforts in this space and fully support management in hosting further forums in the future. They also discussed with management why they voted with them at this year's AGM, in contrast to the ISS (Ruffer proxy voting provider) recommendation on two points. ISS recommended Ruffer vote against the acceptance of the firm's financial statements and statutory reports as it objects to Martyn Ratcliffe being Executive Chairman (in ISS's view combining both Chairman and CEO roles) and questions his receipt of a one-off payment during the year.

  Under Martyn Ratcliffe's leadership, Science Group has consistently created value for its long-term shareholders and has significantly outperformed the market; he is a key reason for Ruffer investment and has a significant shareholding of over 20% of the company. Ruffer believe Mr Ratcliffe is an outstanding operator and capital allocator and is critical to this business and his election to the board is extremely important. He does not participate in the firm's bonus plan, and the payment was one of the few discretionary payments made to him in over a decade at the company. The amount he received was minimal compared with the value he has created for shareholders, so they fully support his re-election.

  The second issue Ruffer disagreed with ISS on was the approval of the firm's performance share plan. The recommendation to vote against was due to the overall dilution limit contained within the scheme rules. Mr Ratcliffe has a history of acquiring underperforming companies and turning them around, and it is important to attract and retain the right talent to execute the company's strategy. In this case, Ruffer believe the management is highly unlikely to issue shares which do not result in value creation for shareholders and hence they continue to fully support the current governance practices in place at Science Group.