

# Medici

## **Implementation Statement, covering the Scheme Year from 6th April 2020 to 5th April 2021**

The Trustees of The Medici Society Limited 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 2 below.

### **1. Introduction**

No review of the SIP was undertaken during the Scheme Year. The last time the SIP was formally reviewed was September 2019.

The Trustees have, in their opinion, followed the policies in the Scheme's SIP during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which they have done so.

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

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.

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

All of the Trustees' holdings in listed equities are within one segregated portfolio, and the Trustees have delegated to their investment manager the exercising of voting rights. Therefore the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Scheme's funds that hold equities, namely the Ruffer diversified growth fund (segregated mandate).

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The Medici Society Limited Pension Scheme

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## **12.1 Description of the voting processes**

Please find below a summary of responses from Ruffer to questions posed to them on specific aspects of their voting process.

- What is Ruffer's 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:

*"We look to discuss with companies any relevant or material issue that could impact our investment. We will ask for additional information or an explanation, if necessary, to inform our voting discussions. If we decide to vote against the recommendations of management, we will endeavour to communicate this decision to the company before the vote along with our explanation for doing so."*

*Collaborative engagement can also provide a platform to engage on wider sector, regulatory and policy matters with investors and other stakeholders. Ruffer is open to working alongside other investors on both policy and company specific matters. The decision to collaborate on company specific matters will be judged on a case-by-case basis by the responsible investment team with input from research analysts and portfolio managers as well as the legal and compliance teams.*

*Ruffer engages regularly with the Investment Association and the Institutional Investor Group on Climate Change (IIGCC). Through our commitment to Climate Action 100+ we have collaborated extensively with other investors or asset owners engaging with a number of European and American companies, including making statements at AGMs and co-filing shareholder resolutions."*

- How have you made use of proxy voting services?

*"Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS).*

*While we have developed our own internal voting guidelines, we do take into account issues raised by ISS to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares.*

*Each research analyst, supported by our responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.*

*As discussed above, we do use ISS as an input into our decisions. In the 12 months to 5 April 2021, of the votes in relation to the Scheme's holdings, we voted against the recommendation of ISS nearly 8.8% of the time."*

**12.2 Summary of voting behaviour over the Scheme Year**

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

	<b>Fund 1</b>
Manager name	Ruffer
Fund name	Segregated mandate
Total size of fund at end of reporting period	£27.9m
Number of equity holdings at end of reporting period	37
Number of meetings eligible to vote	35
Number of resolutions eligible to vote	557
% of resolutions voted	94.1%
Of the resolutions on which voted, % voted with management	91.0%
Of the resolutions on which voted, % voted against management	6.9%
Of the resolutions on which voted, % abstained from voting	2.1%
Of the meetings in which the manager voted, % with at least one vote against management	42.9%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	8.8%

**12.3 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.

**Ruffer**

Ruffer has defined 'significant votes' as those that they think will be of particular interest to clients. In most cases, these are when they form part of continuing engagement with the company and/or they 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 Ruffer's internal voting guidelines. Ruffer provided details of 9 votes, which are available on request. Included in this statement are the three significant votes which represent the largest proportion of the portfolio, which all relate to Governance issues, plus one vote in relation to Environmental issues.

- **Newmont Mining, April 2020. Vote:** Against. **Outcome of the vote:** Passed

**Summary of resolution:** Votes for re-election of non-executive directors

**Rationale:** 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.

- **Lloyds Bank, May 2020. Vote:** Against. **Outcome of the vote:** Passed

**Summary of resolution:** Vote on remuneration policy

**Rationale:** 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.

- **Countryside Properties, February 2021. Vote:** Abstain. **Outcome of the vote:** Passed

**Summary of resolution:** Board composition and remuneration

**Rationale:** We met with David Howell (Chair of the Board) and Amanda Burton (Chair of the Remuneration Committee) to discuss the company's capital allocation strategy. Decisions in this area are critical and will ultimately determine its long-term financial performance. We shared our view that the company would benefit from a non-executive director with a proven track record in capital allocation. Given the changing strategy of the business, significant changes need to be made to the remuneration policy to ensure management is incentivised to deliver on the revised strategy and, importantly, to align their interests with shareholders. We shared our thoughts around this, including a total shareholder return measure, a meaningful shareholding requirement and ensuring post-cessation and vesting requirements are in line with the guidance from the Investment Association. We attach significant importance to the company's strategy, board composition and executive remuneration as we deem addressing these to be essential for the long-term success of Countryside and all stakeholders.

- **Aena S.M.E, October 2020. Vote:** For. **Outcome of the vote:** Passed

**Summary of resolution:** Vote on shareholder resolution relating to the company's climate transition plan

**Rationale:** 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.