Appendix IV

Implementation Statement, covering 30 June 2019 to 30 June 2020

The Trustee of the Thomas Miller & Co Ltd Retirement Benefits Scheme (the "Scheme") is required to produce a yearly statement to set 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 year. Section 1 below describes the last review of the Trustee's voting and engagement policies; and Section 2 describes how the Trustee has followed these policies over the year.

The Statement is also required to include a description of the voting behaviour during the 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.

1. Introduction – Last review of the voting and engagement policies

The voting and engagement policies in the SIP were reviewed and updated during the Scheme year on July 2019 to reflect that:

- The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.
- The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.
- The Trustee expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship.
- The Trustee has limited influence over managers' stewardship practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.
- The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.

Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the year, by continuing to delegate to its 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 a number of steps to review the Scheme's new and 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.

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In February 2020, the Trustee 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 highest score available is 4 (strong) and the lowest is 1 (weak). The majority of managers scored 3/4 and one, TMI, scored 1. It is acknowledged that the nature and scale of TMI's business restricts the ability of TMI to achieve a high score using LCP's approach, however the Trustee, assisted by LCP, has provided initial feedback to TMI on areas where it believes RI practices could be improved. It is intended that LCP and TMI will discuss this directly in the early part of 2021.

L&G, BMO, TMI and Ruffer presented to the Investment Committee ("IC") during the year, where the Trustee asked several questions about the managers' voting and engagement practices and were satisfied with the answers they received.

The IC is due to consider an allocation to L&G's climate-tilted equities fund which is due to be launched in 2021 to reduce its exposure to climate risk.

The Trustee invested in a new pooled fund, the BMO Global Low Duration Credit fund on 5 August 2019. In selecting and appointing this manager, the Trustee reviewed LCP's RI assessments of BMO's RI practices.

3. Description of voting behaviour during the year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its 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 year.

In this section we have sought to include voting data on the Scheme's funds that hold equities as follows:

- Ruffer Absolute Return Fund
- L&G World Equity Index Fund (Unhedged)
- L&G World Equity Index Fund (GBP Hedged)
- L&G World Emerging Markets Equity Index Fund

The TMI Diversified Assets Fund invests in a combination of pooled investment vehicles, listed direct equities and listed investment companies. The opportunity to vote on shareholder matters is therefore more limited than would be the case if the Fund invested exclusively in listed direct equities. TMI has advised that where it has the opportunity to vote, historically it has done so only where it wished to oppose a motion proposed. TMI has advised it did not exercise any votes during the relevant period.

The Trustee did not contact the Scheme's other investment managers to obtain relevant data for this section as they do not hold listed equities or other assets on which voting opportunities arise due to the nature of the assets invested in.

The Trustee will continue to work with its advisers and investment managers with the aim of providing comprehensive voting information in future implementation statements.

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3.1 Description of the voting processes

Ruffer

Ruffer, as a discretionary investment manager, does not have a formal policy on consulting with clients before voting. However, it can accommodate client voting instructions for specific areas of concerns or companies where feasible.

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 it is cognisant of proxy advisers' voting recommendations, it does not delegate or outsource its stewardship activities when deciding how to vote on its clients' shares.

Research analysts are responsible, supported by Ruffer's 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. Ruffer looks to discuss with companies any relevant or material issue that could impact the investment. It will ask for additional information or an explanation, if necessary, to inform its voting discussions.

If it decides to vote against the recommendations of management, it will endeavour to communicate this decision to the company before the vote along with its explanation for doing so, although this may not always be possible.

L&G

L&G's voting and engagement activities are driven by Environment, Social and Governance (ESG) professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. L&G's voting policies are reviewed annually and take into account feedback from its 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 L&G's Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop L&G's voting and engagement policies and define strategic priorities in the years ahead. L&G also takes into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All voting decisions are made by L&G's Investment Stewardship team and in accordance with its 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 helps ensure L&G's stewardship approach is consistent throughout the engagement and voting process, and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

L&G's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by L&G and it does not outsource any part of the strategic decisions. The use of ISS's recommendations is to augment L&G's own research and proprietary ESG assessment tools. The Investment Stewardship team also

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uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure L&G's proxy provider votes in accordance with its position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G considers are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

L&G retains the ability in all markets to override any vote decisions, which are based on its 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 it to apply a qualitative overlay to its voting judgement. L&G has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform L&G of rejected votes which require further action.

3.2 Summary of voting behaviour over the year

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

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	Ruffer	Legal & General	Legal & General	Legal & General
Fund name	Absolute Return Fund	World Equity Index Fund (Unhedged)	World Equity Index Fund (GBP Hedged)	World Emerging Markets Equity Index Fund
Value of Scheme's assets at end of reporting period	£17.5m	£12.4m	£12.2m	£4.2m
Average number of holdings	70	2743		1822
Number of meetings eligible to vote	83	2241		1408
Number of resolutions eligible to vote	1070	28287		12560
% of resolutions voted	97.6%	99.9%		99.7%
Of resolutions on which voted, % of resolutions voted with management	90.1%	81.2%		81.1%

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Of resolutions on which voted, % of resolutions voted against management	10.1%	18.7%	17.0%
Of resolutions on which voted, % of resolutions abstained	1.4%	0.1%	1.20%
Of the meetings in which the manager voted, % of meetings with at least one vote against management	N/A	74.9%	55.8%

3.3 Most significant votes over the year

Commentary on the most significant votes over the period is set out below, from the Scheme's asset managers who hold listed equities, is set out below. The rationale for the interpretation of the vote being significant is included with each item.

L&G has not provided any significant votes for its World Emerging Markets Equity Index Fund.

Ruffer Absolute Return Fund

ExxonMobil, USA, May 2020:

Ruffer stressed that it would like ExxonMobil to further align its strategy with the goals of the Paris Agreement and accept responsibility for its scope 3 emissions. Ruffer 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, Ruffer emphasised that it would like to see ExxonMobil helping to address the issues facing the sector.

Due to the limited progress since the 2019 AGM, Ruffer decided again to vote against the re-election of all non-executive directors because it does not think ExxonMobil has been representing the best interests of shareholders owing to the slow progress of the engagement with the Climate Action 100+ initiative. Ruffer also supported shareholder resolutions for an independent board Chair and further disclosure of the company's lobbying activities.

Ruffer assessed these votes as significant as it considers the need for companies to mitigate their impact on climate change and for board independence to be important factors to deliver long-term shareholder value.

Sophos, UK, September and December 2019:

Ruffer engaged on the upcoming remuneration policy change, specifically around the time horizon of long-term incentives and the way the company selects its peers and chooses its performance measures. The company did not significantly change its proposed remuneration policy following this discussion and so Ruffer voted against it at the AGM. Ruffer assessed this vote as significant as it

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views a well-defined renumeration policy to link management performance with a company’s strategy and long-term shareholder value creation.

Lloyds Banking Group, UK, May 2020:

Ruffer 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, Ruffer did not think it incentivises management to deliver shareholder value. It has therefore assessed this vote as significant.

Tesco, UK, June 2020:

Ahead of the 2020 AGM, Ruffer engaged with members of the board to understand the rationale for changing the peer group used to determine management remuneration. Ruffer expressed its concern for changing the criteria of the remuneration policy, which had been approved by shareholders in 2018, and questioned why the decision was made to do it at this time. In addition, Ruffer wanted to understand the process that the board adopted in making this decision. Ruffer discussed in detail the distorting effects Ocado was having on the peer group, the analysis the board had done on different options and how the decision was taken by the board as a whole.

When determining whether to support a remuneration policy or report, Ruffer assesses a number of factors including whether the quantum is reasonable given the performance of management. In this case, in recent years the company has seen consistent improvements in cashflow generation, operating profit and its customer brand perception. In addition, the company has significantly reduced its debt. And therefore, while Ruffer expressed its concern over the retrospective changes to the peer group, Ruffer decided on balance to support the remuneration report. Ruffer stressed to members of the board that it hopes the company will constructively reach out to shareholders ahead of revising the remuneration policy next year. Ruffer assessed this vote as significant as it views a well-defined renumeration policy to be an important factor to incentivise management to deliver long-term shareholder value.

Walt Disney, USA, March 2020:

Ruffer discussed succession planning at length, given that Bob Iger’s* contract expires at the end of 2021. Ruffer focussed on the internal candidates it had identified as likely to succeed him, as the company had not released a list of those under consideration. Given the distinctive culture at Disney, there is a preference for an internal candidate if the skill sets are also preferable and Ruffer discussed the most important criteria for selecting his successor. With regards to the board, Ruffer discussed its concerns over the tenure of the lead independent director and whether there were plans for this role to be passed to one of the directors more recently added to the board. Ruffer stressed that this is of particular importance to it when there is not an independent Chair of the Board. The company responded that this is not currently under consideration as it considers directors with a tenure of less than 15 years as independent.

On the topic of lobbying and the company’s memberships of trade associations, Ruffer voted for a shareholder resolution in 2018 and 2019 requesting additional disclosure. 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, Ruffer do not think it is onerous for the company to expand this to cover all trade associations of which it is a member. Ruffer stated this clearly to the company and supported the shareholder resolution in 2020.

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Ruffer spoke about executive remuneration, in particular the quantum and rigour of the performance conditions. In response to feedback from shareholders the company has both reduced the quantum and made the performance conditions of the one-time equity grant more stretching. Ruffer pushed the company to apply these more rigorous criteria to the long-term incentives.

Ruffer viewed these votes as significant as these areas represent key governance factors that it believes are linked to long-term shareholder value.

*Current CEO at the time of the engagement. On 26 February 2020, it was announced that Bob Chapek would succeed Bob Iger as CEO of Walt Disney.

McKesson, USA, July 2019:

Ruffer think it is of fundamental importance that the majority of board members are independent to provide a robust oversight of, and counterbalance to, a company's management. One measure of independence is how long a director has served on the board and Ruffer has incorporated this into its internal voting policy.

Taking into account the average tenure of members of the board, the regions in which companies are domiciled and the sectors in which companies operate, Ruffer did not support the re-election of a number of directors in the period because of concerns that they were not independent. Ruffer voted against the re-election of three directors at McKesson. It has therefore assessed this vote as significant.

National Oilwell Varco, USA, July 2019:

Similarly, taking into account the average tenure of members of the board, the regions in which companies are domiciled and the sectors in which companies operate, Ruffer did not support the re-election of a number of directors in the period because of concerns that they were not independent. Ruffer voted against the re-election of five directors. It has therefore assessed this vote as significant.

Mitsubishi Electric, Japan, June 2020:

Ruffer spoke with the company ahead of its 2020 AGM to discuss measures taken over the last four years to improve its labour practices. It was encouraged by the steps the company has taken, and think this progress is reflected in the sharp reduction in the number of employees working significant amounts of overtime and the results of recent staff surveys. On the topic of data security, Ruffer discussed the data breach that occurred in 2019 focussing on the measures put in place both before and after this event given the sophistication of the attack.

While Ruffer appreciate the recent changes to the board structure, including that sub-committees are now chaired by independent directors, Ruffer still has concerns over Mr Oyamada. Ruffer does not believe that Mr Oyamada is independent given he is a senior advisor to MUFG Bank which holds shares in Mitsubishi Electric. Ruffer communicated these concerns to the company and, as they did in 2019, Ruffer voted against his re-election. Ruffer assessed this vote as significant as it views some degree of board independence to be an important governance factor to aid a company in delivering long-term shareholder value.

Ocado, UK, May 2020:

As in 2019, Ruffer voted against the re-election of the Chair of the Board, who also serves as the Chair of the Nomination Committee, because it is not comfortable with the board structure and believes the company is being slow to rectify the situation. In particular, it does not think there are a

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sufficient number of independent directors on the board. It has therefore assessed this vote as significant.

L&G World Equity Index Fund (Unhedged) and L&G World Equity Index Fund (GBP Hedged)

BP Plc, May 2019:

L&G and other major shareholders put forward a proposal calling on BP to explain how its strategy is consistent with the Paris Agreement on climate change. L&G worked with the board of BP to secure its support for the motion.

At BP's annual general meeting, the proposal was passed with overwhelming 99.1% approval from shareholders. L&G has since met BP repeatedly – including its chair and incoming CEO – to advise on implementing the resolution. BP has announced industry-leading targets: net zero emissions from its operations, net zero carbon emissions from the oil and gas it digs out of the ground, and a 50% reduction in the carbon intensity of all the products it sells. L&G assessed this vote as significant as it represented the first shareholder resolution of 2019 and led to the company adopting industry-leading carbon targets.

Metro Bank, May 2019:

L&G had long-standing concerns regarding Metro Bank due to a lack of independent directors on its board, poor gender diversity, a pay structure not in line with best practice standards, and failure to manage conflicts of interest.

In 2019, L&G's concerns were compounded by the disclosure of material accounting errors within the bank's loan books. The accounting errors led to a significant drop in investor confidence and sent the shares down more than 39% in one day. Metro Bank's share price has remained under pressure and declined over 88% in 2019.

L&G voted against the re-election of Sir Michael Snyder as Director. In response to pressure from L&G and other investors, Metro Bank began to address its long-standing governance concerns. Both the chair and CEO agreed to step down. The bank also announced it would sever ties with InterArch, an architecture firm owned by Metro Bank's chairman's wife, that has received over £25 million in payments since 2010.

L&G assessed this to be significant as demonstrates an escalation of its engagement with the company.

Bayer AG, April 2019:

Following its acquisition of agribusiness Monsanto, Bayer was asked to pay millions in damages in several court cases where plaintiffs claimed that Monsanto's glyphosate-based weed killer RoundUp was linked to causing cancer. The damages were reduced upon appeal, and Bayer was adamant that RoundUp was not carcinogenic.

L&G is concerned that the Bayer supervisory and management boards had not fully considered the significant risks related to glyphosate litigation in the US. Although at the time of the merger agreement in 2016 there were only about a hundred such lawsuits, by the end of 2019, the number grew to over 40,000. From the finalisation of the acquisition in May 2018 until July 2019 Bayer's share price fell by approximately 45%. Unrelated to the litigation, they have previously discussed the importance of a lead independent director, particularly in times of crisis.

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L&G spoke to Bayer ahead of its 2019 AGM to gain a better understanding of the decision-making process in relation to the Monsanto acquisition and the legal advice it received for litigation risk. L&G recommended establishing advisory and M&A committees, staffed by members appointed with specific expertise; appointing non-executive directors with specific expertise; and appointing new executives. In addition, L&G suggested that these incidents should have a bearing on remuneration awarded for the year.

L&G voted against the resolution to approve the discharge of the Management Board for Fiscal 2018. Bayer subsequently established a glyphosate litigation committee to monitor litigation and consult with the board. L&G has confirmed it will continue to pay close attention to the litigation and any possible settlements, as well as the decisions of Bayer's remuneration committee. Bayer also announced that the chair would step down at the 2020 AGM.

L&G assessed this to be significant due to it being a vote of no confidence, a rare escalation step.

EssilorLuxottica, May 2019:

In 2018, French lenses producer Essilor merged with Italian frame manufacturer Luxottica. Upon conclusion of the merger, the executive chair of Luxottica´s holding company (Delfin) owned 32.7% of the merged company's share capital. Under the terms of the merger agreement, the aforementioned executive chairman and Essilor's executive vice-chairman were both given equal powers.

A board was also established, with membership split equally between Essilor and Delfin. In March 2019 an internal disagreement between the two heads of the merged entity occurred. Two of the company's shareholders – Comgest and Valoptec – put forward three board nominees in a bid to break the impasse.

L&G contacted EssilorLuxottica to discuss the issue but received no reply. They engaged extensively with Comgest, Valoptec and the board nominees. They publicly announced their support for the board nominees ahead of the AGM to ensure the current board knew their intentions and to raise awareness to the other shareholders.

Before the AGM was due to take place, the company's board announced that it had reached a governance agreement and all disputes had been resolved. EssilorLuxottica's CEOs had been tasked with focusing on the integration process and to accelerate the simplification of the company.

The board confirmed that neither CEO would seek to become the leader of the combined entity. L&G voted for the proposed board nominees which received significant support from the company's independent shareholders.

L&G assessed this to be significant as demonstrates an escalation of its engagement with the company.

Hyundai Mobis and Hyundai Motor, March 2019:

In March 2018, the Hyundai group announced a restructure involving Hyundai Mobis and Hyundai Motor. Activist investor Elliott Management, which owned a $1 billion stake in the group, challenged these plans by putting forward its own proposals for the two businesses.

This included increasing the dividend payout, establishing separate compensation and governance committees, and appointing directors who were not already on the group's boards. L&G has been actively engaging with Hyundai Motor for a number of years on the composition of the board, the risks associated with a chaebol structure, and excess of capital.

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Following Elliott Management’s announcement, L&G discussed the proposals with it and the chief financial officer of Hyundai Mobis. They decided to support all the resolutions put forward by Elliott Management in relation to Hyundai Motor. With regards to Hyundai Mobis, they noted the risk of a potential conflict of interest with one nominee and decided not to support their election. They supported all other resolutions put forward.

Elliott Management’s proposals were defeated at both companies’ AGMs. However, the two companies decided to broaden the skillset of their boards through the appointment of new directors from outside the group. The management also supported the introduction of separate board committees, including a remuneration committee. Following the vote, the CEO confirmed that the group would listen more to dissenting shareholders.

L&G voted to elect new members of the Audit Committee. Both resolutions were defeated.

L&G assessed this to be significant as it involved shareholder activism which is rare in South Korea.