Implementation Statement, covering 1 January 2021 to 31 December 2021

The Trustees of the Stewart Group Ltd Retirement Benefit Scheme (the "Scheme") have chosen 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.

The Statement also includes a description of the voting behaviour during the Scheme year by, and on behalf of, the Trustees (including the most significant votes cast by the Trustees or on their behalf) and state any use of the services of a proxy voter during that year.

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

The SIP was last updated in May 2021 to reflect the Trustees' de-risking action that took place in April 2021 in response to the Scheme achieving one of its funding de-risking triggers. It also reflected the investment in the LGIM Low Carbon Transition Global Equity Fund, which was funded using some of the Scheme's existing allocation to UK equities. The voting and engagement policies in the SIP were reviewed as part of this update, and there were no changes made to the policies already in place. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustees took a number of steps to review the Scheme's new and existing managers voting and engagement policies over the Scheme Year, as described in Section 2 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.

Over the year, the Trustees reviewed the Scheme's equity allocation, which resulted in the Scheme investing in a low carbon equity mandate with LGIM. As part of this appointment, voting and engagement and more broadly stewardship were considered as part of the assessment criteria, noting that the Scheme already invests in a number of portfolios with LGIM. As part of that review, it was noted that the Scheme's investment advisors rate LGIM's Responsible Investment (including Stewardship) credentials highly.

The Trustees did not carry out a formal Responsible Investment review in 2021. Its previous review was conducted in May 2020 and a subsequent review was conducted post Scheme year end, in February 2022 (these results will be included in next year's Statement). During the Scheme year, the Trustees continued to consider and review their managers' approach to Responsible Investment as part of their quarterly manager monitoring procedures. The Scheme's investment advisor provided relevant Responsible Investment updates to the Trustees throughout the year. Over the period there were no material concerns noted regarding the overall Responsible Investment credentials of the Scheme's managers.

When the investment managers present at Trustees meetings, the Trustees look to ask questions about the managers' voting and engagement practices. Where available, the Trustees also review reports from their managers on voting and engagement activities undertaken on their behalf.

Description of voting behaviour during the year

All the Scheme's listed equity holdings are in held in pooled funds with LGIM and Schroders, and the Trustees have delegated voting rights to these managers. 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 the Trustees have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Scheme's funds that held equities at the end of the period, as follows:

- LGIM UK Equity Index Fund;

- LGIM Overseas Equity Consensus Index Fund;
- LGIM Low Carbon Transition Global Equity Index Fund; and
- Schroders Diversified Growth Fund.

The Trustees have not included voting data for the LGIM Global Equity 70:30 Index Fund, as the Scheme fully disinvested from this fund during the first half of the Scheme year.

None of the other pooled funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

2.1 Description of the voting processes

LGIM

LGIM'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 its clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients.

Every year, LGIM 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 LGIM continue to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with LGIM's 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 LGIM's 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.

LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS') 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its 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 it receives from ISS for UK companies when making specific voting decisions.

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

LGIM retain 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 LGIM to apply a qualitative overlay to its voting judgement. LGIM have strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by LGIM's service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Schroders

The corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instruction from clients. Schroders report transparently on its voting decisions with supporting rationale on its website.

As active owners, Schroders recognise its responsibility to make considered use of voting rights. Schroders therefore vote on all resolutions at all AGMs/EGMs globally unless Schroders are restricted from doing so (eg as a result of share blocking).

Schroders aims to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with its published ESG policy.

The overriding principle governing voting is to act in the best interests of its clients. Where proposals are not consistent with the interests of shareholders and clients, Schroders are not afraid to vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

Schroders evaluate voting resolutions arising at its investee companies and, where it has the authority to do so, it votes on them in line with its fiduciary responsibilities in what Schroders deem to be the interests of their clients. Schroders Corporate Governance specialists assess each proposal, applying its voting policy and guidelines (as outlined in its Environmental, Social and Governance Policy) to each agenda item. In applying the policy, Schroders considers a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Schroders specialists will draw on external research, such as IVIS and ISS, and public reporting. Schroders own research is also integral to its process; this will be conducted by both financial and Sustainable Investment analysts. For contentious issues, Schroders Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders also engages with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

ISS act as Schroders service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through Proxy Exchange. Schroder's receives ISS's research on resolutions. This is complemented with analysis by the in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. For Schroders smallest holdings in the US, Hong Kong, Japan, Australia and New Zealand, ISS implements a custom Schroders voting policy, with only a few resolutions referred to Schroders for a final decision.

ISS automatically votes all Schroders holdings of which it owns less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in Schroders voting decisions as well as creating a more formalised approach to its voting process.

3.2 Summary of voting behaviour over the year

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

	LGIM UK Equity Index Fund	LGIM Overseas Equity Consensus Index Fund	LGIM Low Carbon Transition Global Equity Index Fund	Schroders Diversified Growth Fund
Approximate value of Scheme assets at year end	£1.1m	£1.6m	£2.7m	£2.1m
Number of equity holdings at year end	572	3,690	2,784	1,461
Number of meetings eligible to vote	707	5,557	3,047	2,023
Number of resolutions eligible to vote	9,923	54,929	31,023	23,597
% of resolutions voted	100.0%	99.8%	100.0%	94.5%
% of resolutions voted with management	92.8%	80.4%	80.6%	91.0%
% of resolutions voted against management	7.2%	18.5%	18.7%	8.4%
% of resolutions abstained	0.0%	1.1%	0.7%	0.6%
% of meetings with at least one vote against management	45.7%	59.9%	62.0%	44.9%

2.2 Most significant votes over the year

LGIM

We have been provided with commentary on a number of the most significant votes undertaken by LGIM within the funds listed above over this period. We have set out two examples of the most significant votes from each fund below. Details of other (additional) significant votes are available upon request.

In determining significant votes, LGIM'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 votes which have 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 LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction votes as a result of a direct or collaborative engagement; and
- Votes linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM UK Equity Index Fund

Imperial Brands plc, February 2021. Vote: Against resolutions 2 and resolution 3

Summary of resolutions: Resolutions 2 and 3, respectively - Approve Remuneration Report and Approve Remuneration Policy.

Rationale: The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. A higher base salary has a consequential ripple effect on short- and long-term incentives, as well as pension contributions. Further, the company did not apply best practice in relation to post-exit shareholding guidelines as outlined by both LGIM and the Investment Association. An incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE100 company, should have to prove her or himself beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience. Further, LGIM expect companies to adopt general best practice standards. Prior to the AGM, LGIM engaged with the company outlining what its concerns over the remuneration structure were. LGIM also indicated that it publishes specific remuneration guidelines for UK-listed companies and keep remuneration consultants up to date with LGIM's thinking.

EVRAZ Plc, June 2021. Vote: Against

Summary of resolution: Resolution 3 - Re-elect Alexander Abramov as Director

Rationale: LGIM views gender diversity as a financially material issue for its clients, with implications for the assets LGIM manage on their behalf. For 10 years, LGIM have been using its position to engage with companies on this issue. As part of LGIM's efforts to influence its investee companies on having greater gender balance, LGIM apply voting sanctions to those FTSE 350 companies that do not have a minimum of 30% women on the board. LGIM also apply voting sanctions to the FTSE 100 companies that do not have 30% women on their executive committee. For smaller companies LGIM expect at least one woman at board level.

LGIM Overseas Equity Consensus Index Fund

Facebook, Inc., May 2021. Vote: Withhold

Summary of resolution: Resolution 1.9 - Elect Director Mark Zuckerberg

Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM are voting against or to withhold from all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO, and have reinforced its position on leadership structures across its stewardship activities – eg via individual corporate engagements and director conferences.

Intel Corporation, May 2021. Vote: For the resolution (against management)

Summary of resolution: Resolution 5 - Report on Global Median Gender/Racial Pay Gap

Rationale: LGIM felt a vote in favour was the correct choice as it expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM views gender diversity as a financially material issue for its clients, with implications for the assets LGIM manage on their behalf. For 10 years, LGIM have been using its position to engage with companies on this issue. As part of LGIM's efforts to influence its investee companies on having greater gender balance, LGIM expect all companies in which it invests globally to have at least one female on their board. Please note LGIM have stronger requirements in the UK, North American, European and Japanese markets, in line with its engagement in these markets.

<u>LGIM Low Carbon Transition Global Equity Index Fund</u>

SBI Life Insurance Company Limited, September 2021. Vote: Against

Summary of resolution: Resolution 1 - Accept Financial Statements and Statutory Reports

Rationale: LGIM felt that a vote against was necessary as the company is deemed to not meet minimum standards with regards to climate risk management and disclosure.

Qorvo, Inc., August 2021. Vote: Against

Summary of resolution: Resolution 1.4, 1.7, 1.8 & 1.9 - Elect Director Jeffery R. Gardner, Director Roderick D. Nelson, Director Walden C. Rhines & Director Susan L. Spradley

Rationale: LGIM views gender diversity as a financially material issue for its clients, with implications for the assets LGIM manage on their behalf. For 10 years, it has been using its position to engage with companies on this issue. As part of its efforts to influence its investee companies on having greater gender balance, in 2020, LGIM increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board. In 2021, LGIM expanded the scope of its vote policy to include all companies in the S&P 500 and the S&P/TSX. LGIM's expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023.

Schroders

In determining significant votes, Schroders believe that all votes against management should be classified as a significant vote. However, Schroders believe resolutions related to certain topics carry particular significance. Schroders therefore rank the significance of its votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of Schroders holding.

We have provided two examples of Schroders most significant votes below. More examples are available upon request.

<u>Schroders Diversified Growth Fund</u>

Walgreens Boots Alliance, Inc., January 2021. Vote: For

Summary of resolution: Report on Health Risks of Continued In-Store Tobacco Sales in the Age of COVID 2021

Rationale: The pharmacy chain has taken steps to ban tobacco sale internationally but continues to sell products across its US stores despite studies from both the WHO and CDC suggesting the risks of Covid-19 doubles for smokers. This practice contradicts the company's mission of being a health and wellness enterprise. Schroders support the request for greater transparency on the company's assessment of the benefits and risk of continued tobacco sales and therefore voted in favour of the resolution.

Helios Towers Plc, April 2021, Vote: For

Summary of Resolution: Approve Remuneration Report

Rationale: Schroders felt that a vote for this item was warranted, although it was not without concern for shareholders as the CEO and COO both received significant above-inflationary increases to their base salaries for FY2021. One reason for support was because the revised salaries represented the first salary increases made to the EDs salaries since the Company's IPO in 2019 and the resulting remuneration packages do not stand out as excessive relative to market peers. Further the COO's salary increase predominantly acknowledges his change in role from CFO to COO, so after considering these Schroders therefore voted in favour of the resolution.