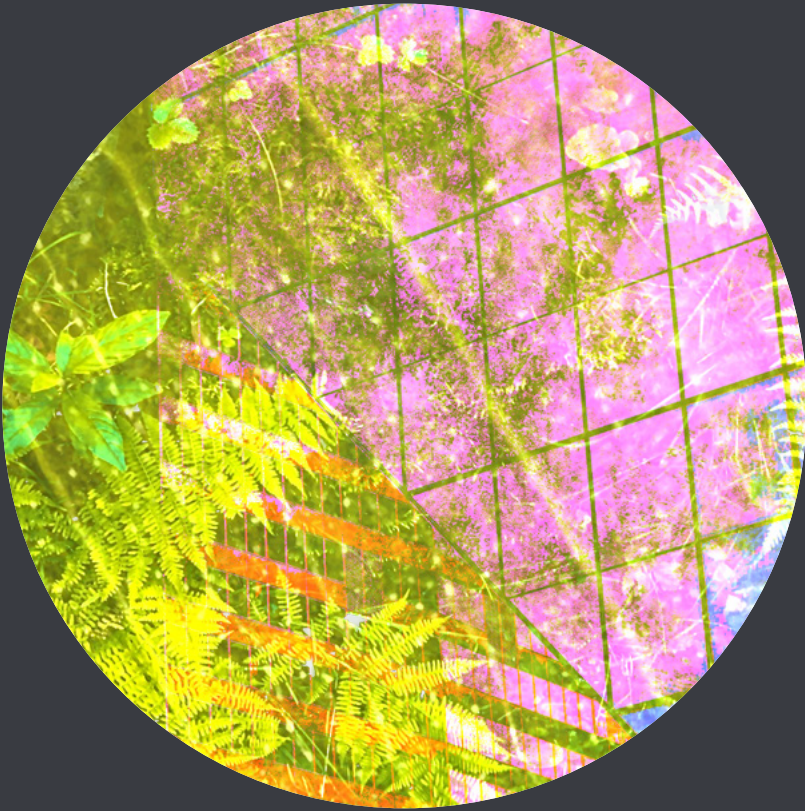




# Stewardship Report



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**FOR THE YEAR ENDING 31 DECEMBER 2025**

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# About Ruffer

Ruffer manages investments for institutions, financial planners, pension plans, private clients and charities, in the UK and internationally.

Our aim is to deliver positive returns, whatever happens in financial markets. To invest well, we need to take on risk.

With risk comes responsibility. Our preoccupation is with not losing money, rather than charging headlong for growth.

To that end, we focus on understanding the risks and opportunities in our portfolios – that includes risks posed by environmental, social and governance (ESG) factors – and putting stewardship in action through engagement and proxy voting.

If we keep doing our job well, we will protect our clients' capital – and increase its real value.

This Stewardship Report satisfies the amended Shareholder Rights Directive (SRD II) requirement for Ruffer to report annually on the implementation of its shareholder engagement policy – [Ruffer's Responsible Investment Policy](#) – including a general description of voting behaviour, votes cast, an explanation of the most significant votes and the use of proxy advisors.

We are proud signatories or supporters of



For more on what we do and how we do it, please visit [ruffer.co.uk](https://www.ruffer.co.uk)

# STEWARDSHIP REPORT

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# Foreword

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## **OUR AIM IS TO DELIVER CONSISTENT POSITIVE RETURNS - WHATEVER HAPPENS IN FINANCIAL MARKETS.**

At Ruffer, we believe the integration of ESG considerations – together with stewardship practices, including engagement and proxy voting – contributes to the delivery of long-term value for clients and investors. In 2025, we continued to embed that conviction into the systems and processes that underpin our investment approach, ensuring stewardship is practical and outcome oriented.

Over the year, responsible investment (RI) came under sustained pressure. Political developments, evolving regulation and shifting market sentiment challenged established approaches and increased the scrutiny of sustainability claims. In response, our stewardship activity in 2025 remained firmly focused on substance, financial relevance and long-term outcomes.

Against this backdrop, we strengthened the foundations of our stewardship framework to make it more consistent and informative. Our engagement and voting activity reflected a year when many companies reassessed their strategy amid uncertainty. We encouraged clearer strategic communication, disciplined capital allocation and transparency on how sustainability considerations are embedded within businesses' decision-making.

We are pleased to retain our signatory status to the UK Stewardship Code for the fifth time. Throughout this report, we share how Ruffer applies responsible investment within its investment process. We also show our commitment to stewardship activities in order to protect and enhance value for our clients, investors and portfolio companies.

While debate around ESG intensified during 2025, the year reinforced the importance of a measured, credible and pragmatic stewardship approach, one that prioritises material risks and opportunities and supports sustainable outcomes for clients and the wider financial system.

In this report, we show how our approach aligns with both the definition and the spirit of stewardship within the code.

**CHRIS BACON**

*Chief Executive*



# Executive summary

## OUR FOCUS FOR 2025

- 1 LAUNCHED** our **systematic stewardship engagement strategy**, which standardises the extraction of extra-financial (ESG) metrics across a defined universe of companies. These inputs feed into our RUPI<sup>1</sup> model to highlight gaps in ESG reporting and disclosure, enabling more targeted and informed engagements with investee companies to close those gaps or gain deeper insight into their practices.
- 2 INTRODUCED** 3×3 due diligence grids to assess risks and opportunities across European Sustainability Reporting Standards (ESRS) aligned time horizons. The grids are structured around categories of risks and opportunities that increase in saliency over time. Targeted for completion pre trade, the grids are designed to be dynamic, incorporating new information as it becomes available and providing a timely, structured view of material issues that supports the shaping of our stewardship priorities.
- 3 DEVELOPED** our thinking on integrating factors within our stewardship strategy, embedding our perspectives on human capital into our systematic stewardship framework.
- 4 CONTINUED** to support a range of collaborative climate change initiatives, including CA100+, where we act as co-leads for ArcelorMittal. We also signed select investor letters advocating the effective implementation of climate regulations and enhanced extra-financial disclosures.
- 5 ENHANCED** our existing stewardship tools, including our engagement tracker, to systematically document engagements with companies we may not hold. This was particularly important in cases of elevated stock turnover, such as within our baskets, and forms part of our broader engagement efforts. As we seek to support systems change, engagement does not necessarily cease immediately upon the sale of a stock. We also designed and deliberated proposals for new tools to further strengthen integration.

<sup>1</sup> The resource usage and productivity indicator (RUPI) is a proprietary factor for integration within our factor-based quantitative equity security selection process. It is a model-based estimator of whether economic profit growth can be extended, relative to how it consumes resources to create shareholder value. RUPI aims to award a high score to companies that are improving economic profit while using fewer resources (such as energy, water and fixed tangible assets) and reducing environmental damage (emissions and waste).

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## REFLECTIONS AND ACHIEVEMENTS FROM 2025

- 1 We responded to the Principles for Responsible Investment (PRI) reporting and assessment [questionnaire](#), improving our performance from the prior corresponding period.
- 2 Our Financial Conduct Authority (FCA)-compliant [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) report was published in June 2025.
- 3 We participated in the CDP's Non-Disclosure Campaign, consistent with our engagement over the past five years. In 2025, we were among the 223 capital markets signatories supporting the campaign, calling on corporates to disclose environmental information through CDP.
- 4 Our ESG Oversight working group was formed in 2025 to convene periodically and provide strategic oversight of Ruffer's environmental, social and governance initiatives. Agenda items include updates on our Net Zero Asset Managers initiative (NZAM) commitment, the regulatory landscape and our diversity, equity and inclusion (DEI) efforts.

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## 5 Stewardship

The RI team engaged with our Responsible Investment Council (RIC) to opine on various matters during the year, including agreement to sign letters related to climate risk addressed to various regulators.

On proxy voting, we refined our voting process by updating our fast track pathway. Previously, resolutions that had full alignment between management and ISS, and no shareholder proposals or contentious items, required two approvers. As our voting volume grows with the expansion of our equity baskets, these fast track meetings now require one authoriser from either our Clients & Distribution (C&D) or our Investment team. This helps drive efficiency while ensuring we maintain strong oversight and an active voice across as many votes as possible.

We continued engaging with investee companies on issues covering climate risk, human capital management and executive pay.

# Policy and context

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**DISCLOSURE A** Describe your organisation, your investment beliefs, your clients or beneficiaries and how that informs your approach to stewardship.

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## PURPOSE OF RUFFER

Our aim is to deliver consistent positive returns – whatever happens in financial markets.

Preserving our clients’ capital has been Ruffer’s core purpose since it was founded in 1994.

We define this purpose through our twin investment aims

- not to lose money in any 12 month period
- to generate returns meaningfully ahead of the return on cash

The business is committed to delivering investment performance that puts clients first.

The spirit of service informs everything we do. To ensure the incentives of those working at Ruffer are aligned with our clients’ interests, the business is structured as a partnership, with partners drawn from across all departments.

## RUFFER’S CULTURE AND VALUES

Our experienced investment leadership is supported by a partnership culture. The entire firm is devoted to successfully delivering our one investment strategy.

Ruffer has a focus on client service and preserving clients’ capital. Operating in investment management, we seek to foster a culture of intellectual curiosity and diverse thinking. We also nurture a high-performing culture: while competitiveness is welcomed, we believe the ability to remain humble, learn from mistakes and share knowledge and insights leads to better investment (and company) performance. Ultimately, we will be judged on investment performance, which will fluctuate over time. That is why we continuously strive to maintain our investment philosophy, beliefs and strategy, to remain disciplined through the market cycle, to question our investment assumptions and positioning and to communicate clearly, consistently and as required by our clients and investors.

To that end, Ruffer has three core values.

- CARE** For our clients and each other
- EXCELLENCE** Keep raising high standards
- COURAGE** To do the necessary, hard and unpopular things

## **RUFFER'S BUSINESS MODEL AND STRATEGY**

Ruffer has a simple and intuitive business model: we offer a single investment strategy, but with multiple expressions.

Our single investment strategy is based on an actively managed, absolute return, multi-asset-class approach and is unbenchmarked.

By multiple expressions, we mean we offer a range of funds, plus some variants – such as for charities. But all funds follow the same macro asset allocation process.

Ruffer provides investment management services for different institutions, including pension funds, family offices, wealth managers, local governments, corporations, investment companies and insurance companies.

Our investment process is different to most. It is designed to protect and then grow the value of our investors' portfolios – avoiding large losses and harnessing the power of compounding over time.

By putting safety first, we have made good money for our investors, through boom and bust, since our inception in 1994.

## **HOW WE ADDRESS THE NEEDS OF OUR CLIENTS**

Client service is at the heart of what we do at Ruffer.

Ruffer's clients range from private clients to charities, pension funds and other institutional investors. Although most clients are domiciled in the UK, our international client base accounts for a growing proportion of the total funds under management. The breakdown of our assets under management by client type and region is shown on the following pages.

Ruffer is an active investment manager with an absolute return strategy to deliver our objectives. We look to construct all-weather portfolios, which seek first to protect our clients' assets from capital loss and secondly to provide opportunities for growth. To that end, we always hold protective assets alongside growth assets, with the allocation changing depending on our market outlook.

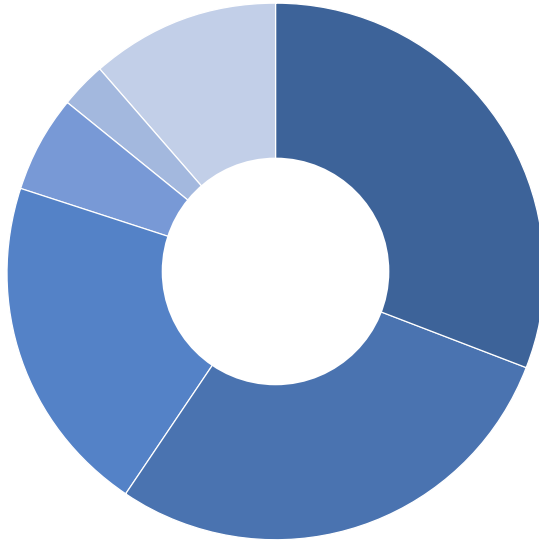
The growth assets are typically listed equities, including exchange-traded funds (ETFs), and may include derivative instruments to efficiently capture returns.

The protective assets include currencies, fixed income (conventional or nominal sovereign bonds) and derivatives (including futures, options, swaptions, interest rate swaps and credit default swaps).

We also hold assets specifically to protect against inflation. These are a combination of inflation-linked bonds and exposure to commodities (gold and precious metals held via exchange-traded commodities and gold mining equities).

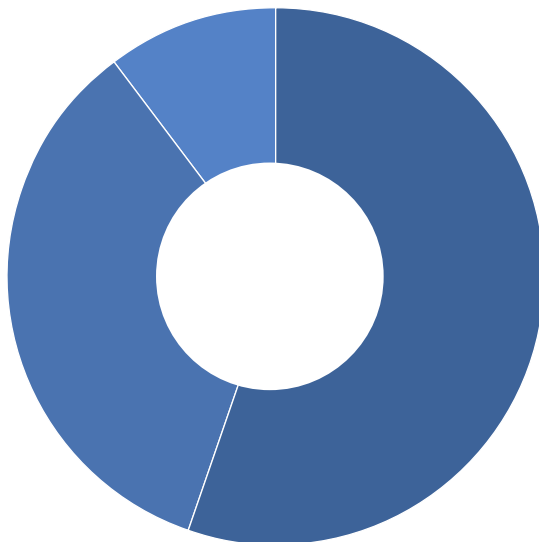
ASSETS UNDER MANAGEMENT £19BN AS AT 31 DECEMBER 2025

Client type



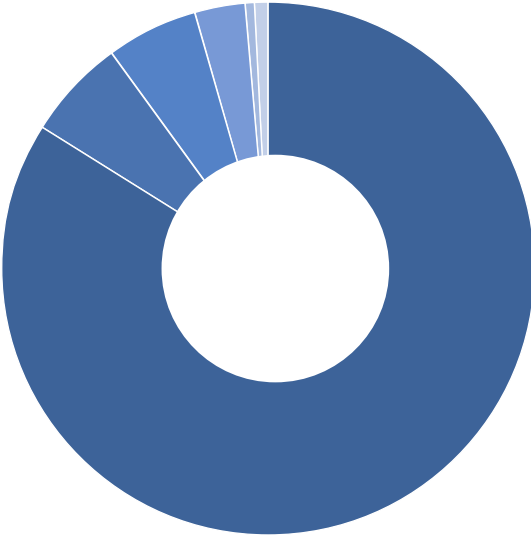
	£bn	%
Pension funds	5.9	31.0
Private clients	5.4	28.6
IFP and wealth managers	3.9	20.5
Charities	1.1	5.9
Retail	0.5	2.7
Other institutional	2.2	11.3

Asset allocation



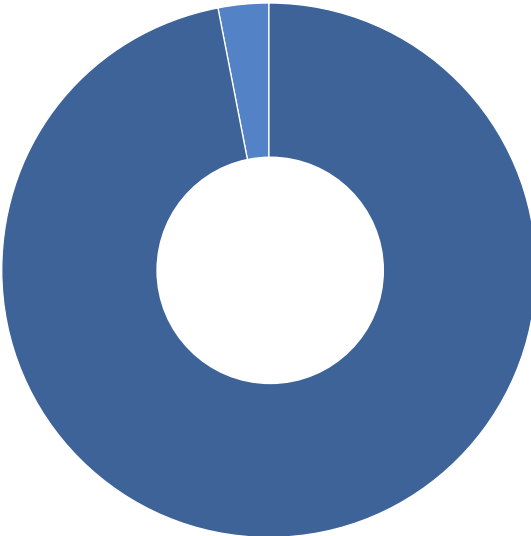
	£bn	%
Protection strategies and cash	10.5	55.4
Growth	6.5	34.4
Inflation	1.9	10.2

Geographic distribution of clients and investors



	£bn	%
UK	16.0	84.1
Europe	1.1	5.9
North America	1.1	5.7
Asia Pacific	0.6	3.0
Middle East and Africa	0.1	0.7
Rest of world	0.1	0.6

Investment style



Influence  
(invested directly or through an external manager)

	£bn	%
Invested directly	18.5	97.3
External manager	0.5	2.7

100% of Ruffer's AUM is actively managed

	£bn	%
Actively managed	19.0	100.0
Index based	0.0	0.0

## **OUR APPROACH TO ETHICAL INVESTMENT RESTRICTIONS**

Ruffer offers a pooled fund for charities which has a responsible investment policy incorporating ethical restrictions. This is designed to meet the needs of a wide spectrum of charity investors.

The Portfolio Support team works closely with our client facing and fund management teams to ensure ethical investment policies are implemented so that funds' restrictions are executed accurately. We use a third party ethical screening and research provider, which offers a wide range of exclusion criteria.

## **OUR APPROACH TO SECURITIES LENDING**

Ruffer does not loan securities over which we have custody. If we manage assets on behalf of a client in a separate or individually managed account, Ruffer will facilitate securities lending for that client only under written instruction.

## **WHAT IS STEWARDSHIP?**

At Ruffer, we endorse the Financial Reporting Council's definition of stewardship as 'the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment or society.'

## **OUR INVESTMENT BELIEFS: WHY STEWARDSHIP MATTERS AT RUFFER**

We believe stewardship activities can lead to lasting and meaningful change, resulting in improved long-term outcomes for our clients and other stakeholders.

We are committed to being good stewards of our clients' assets. To that end, ESG issues are integrated into our investment process. This analysis guides our engagement activities and informs proxy voting at company meetings.

Whether it is climate change or indigenous rights, DEI or workforce safety, we believe our considered approach helps us make better investment decisions. We exercise our stewardship responsibilities through engagement with investee companies, considered use of voting rights and escalation where necessary.

Our stewardship approach is proportionate to our size, resources and role in the investment chain, combining internal perspective, oversight and use of service providers where appropriate. We aim to further strengthen the integration of stewardship considerations and the effectiveness of our stewardship activities over time.

In our view, this approach will lead to better long-term performance for our clients, while benefiting the companies we invest in, and may lead to benefits for our environment and society.

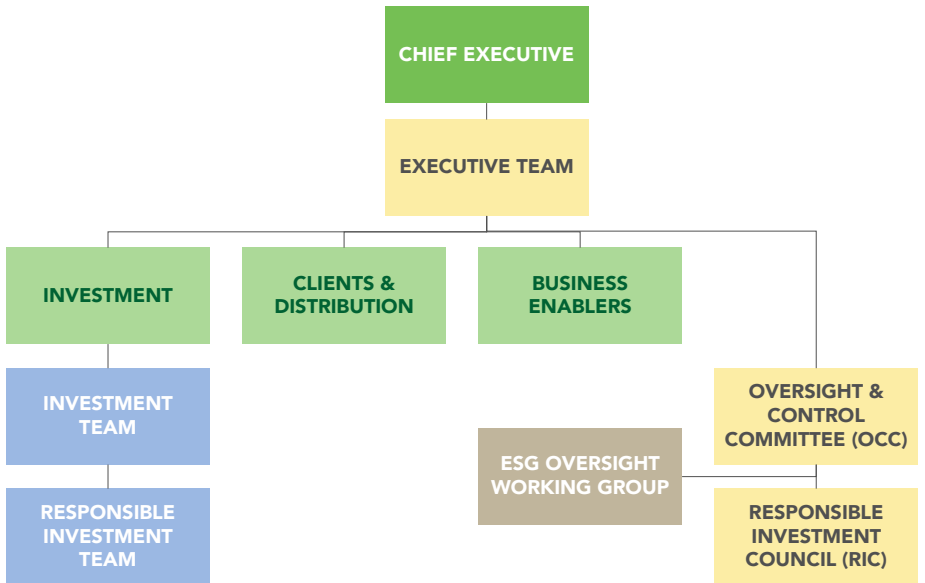
DISCLOSURE B Describe how your resources enable effective stewardship.

**HOW RUFFER SUPPORTS EFFECTIVE STEWARDSHIP**

Stewardship activities are conducted by the Responsible Investment and Investment teams.

Ruffer has a collaborative research process conducted by our in-house Research team. ESG integration and stewardship (voting and engagement) forms part of our analysis and ongoing oversight of the companies and securities we invest in or hold on behalf of our clients and investors.

We believe effective stewardship contributes to our overall investment performance, our client focus and compliance with relevant regulatory requirements. Stewardship may involve research and analysis, individual and collaborative engagement, communication with companies, other investors and clients and strategic proxy voting, which may consider governance standards, company-level performance and practice and larger systemic factors.



## **GOVERNANCE AND OVERSIGHT**

The Oversight & Control Committee (OCC), which is a sub-committee of the Executive Committee, attends to matters across the business, including those related to RI. For example, amendments or changes to the RI Policy will be considered and approved by the OCC.

The Responsible Investment Council (RIC) provides a formal body to discuss, consider and decide upon issues which are potentially substantive to either Ruffer LLP or Ruffer funds. During 2025, the RIC deliberated on such items as the decision to sign various collaborative investor letters, including one calling for support for a strong and properly implemented EU methane emissions regulation.

The ESG Oversight Working Group was formed in 2025, convening periodically to provide strategic oversight of Ruffer's environmental, social and governance initiatives. Agenda items include updates on our NZAM commitment, the regulatory landscape and our DEI efforts. From 2026 onwards, the working group will meet twice a year and will report to the OCC.

## **STEWARDSHIP RESOURCES**

The Responsible Investment team sits within the broader Investment team. The Investment function includes investment strategy (macro) and equity, sovereign bond, commodities and derivatives investment research. The RI team, and Investment more broadly, is reliant upon Ruffer's C&D and Business Enablers teams. C&D provides important feedback and insights into issues of importance to our clients and investors. Business Enablers comprises Compliance, Legal, Audit, Technology and Risk Management. These teams assist in various ways, including meeting our legal and regulatory requirements and providing information technology solutions and compliance oversight of RI communications. Investment directors and analysts hold primary responsibility for considering ESG risks and opportunities, supported by the Responsible Investment team. For issues we consider potentially material or companies that may be contentious for reasons such as past controversies or emissions intensity, we may perform enhanced ESG due diligence analysis or undertake stewardship activities, such as seeking to engage with the company or changing our voting direction.

As ESG risks and opportunities evolve, they are raised both informally across the desk and more formally – for example, if a material change to an ESG consideration impacts our investment thesis. This has, on occasion, led to a decision not to invest in a particular company, or to reduce or sell a position.

We believe successful ESG integration also identifies opportunities, such as companies which have made progress on addressing their corporate governance, environmental or social footprints or which already manage these well. Examples include companies tackling issues like gender equality, water management, biodiversity risk and capital allocation.

Our ESG analysis incorporates a range of qualitative and quantitative considerations drawn from internal and external research and from formal and informal data sources. We analyse relevant company information, including annual and sustainability reports. Our primary source of ESG data, metrics and research is MSCI ESG Research.

Other sources of data or frameworks include

- Sustainability Accounting Standards Board (SASB) framework
- TCFD reporting
- CDP
- Institutional Shareholder Services (ISS)
- Science Based Targets initiative (SBTi)
- Transition Pathway Taskforce (TPT) Disclosure Framework
- The Transition Pathway Initiative (TPI)
- LSEG (formerly Refinitiv)

We review our data providers' performance from time to time and meet with emerging and alternative providers to assess whether their products or services could add value for our clients.

To support our stewardship activities, Ruffer introduced a spreadsheet-based template within which the Investment team could enter company-level engagements to aid setting engagement objectives and tracking and monitoring on progress and outcomes. This system was later enhanced into our engagement tracker tool, a proprietary web-based application accessible to both Investment and C&D teams. The tool enables engagement planning in a consistent structure and with consistent engagement themes and also allows for the translation of planned engagements into permanent records, including the objectives at inception and updates on performance against these objectives. Objectives are established through fundamental and ESG research and related discussions. Progress is captured and, where relevant, integrated back into investment decision-making through collaboration. Engagements are also documented in our quarterly Responsible Investment Report, which is circulated to the C&D and Investment teams and is uploaded to [ruffer.co.uk/responsible-investing](https://ruffer.co.uk/responsible-investing)

We also leverage internal tools to systematically support and record our voting activities, monitor progress against NZAM targets, track carbon-related metrics and ensure thorough due diligence across our investment activities. These tools enable consistent monitoring, provide transparency and help embed stewardship considerations across the investment process.

DISCLOSURE C Describe your stewardship policies and processes, and how you review them.

At the start of 2023, the Ruffer Executive Committee approved a responsible investment direction document that set out our strategic priorities and articulated the rationale for RI at Ruffer. This framework established our focus areas for 2025, including integration, stewardship and climate. Towards the end of 2025, we prepared the next iteration of the direction document, which was presented to the Executive Committee for approval in February 2026 and is now formally in place. This update clearly defines the team’s outlook and priorities for 2026, with a strengthened focus on integration and delivering meaningful stewardship.

We assess the effectiveness of our activities in different ways: first, by how the information we gather influences investment decisions (such as buy, sell or hold) or prompts follow up stewardship actions (like voting or targeted engagement); and second, by determining whether any engagement objectives we set, particularly those requiring change, are reflected in measurable progress in the next reporting cycle. The change may not be solely due to Ruffer’s activities and may take several years to be delivered. In our revised engagement template and workflow, we document objectives, next steps and whether the objective (for information or for change) has been met.

In 2025, Ruffer’s Internal Audit team undertook (limited) assurance of processes related to our response to the PRI Reporting and Assessment.

**OUR APPROACH TO ACTUAL OR POTENTIAL CONFLICTS OF INTEREST**

Our Responsible Investment Policy (incorporating our fossil fuel policy) articulates our approach and associated processes for integration and stewardship. It is updated, amended and supplemented as needed by the Responsible Investment team and is formally reviewed annually by the RI Senior Manager (SMF).<sup>2</sup> The resulting updates or awareness points are then shared with the OCC. Our policy is available at [ruffer.co.uk/ri-policy](https://ruffer.co.uk/ri-policy)



<sup>2</sup> Senior Management Functions (SMFs) are controlled functions held by a firm’s most senior decision makers, who are allocated key responsibilities and play a critical role in running the firm, protecting its consumers and safeguarding the integrity of the market in which the firm operates.

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## WHO ARE INTERNAL ASSURANCES GIVEN BY?

### **BOARD**

### **EXECUTIVE COMMITTEE**

### **OVERSIGHT AND CONTROL COMMITTEE**

### **RESPONSIBLE INVESTMENT COUNCIL**

### **COMPLIANCE REVIEW**

Oversight of Ruffer's RI activities lies with the Ruffer LLP Board, while the Executive Committee is accountable for responsible investment strategy, risk management and stewardship activities.

The Executive Committee delegates oversight of these activities to the OCC, a sub-committee which oversees the implementation of policies and processes and monitors key controls, in line with relevant regulation and in support of the firm's three lines of defence model.

The RIC is a management committee which supports the OCC in terms of the development, effective day-to-day management, oversight and implementation of the firm's RI direction.

The RIC has the authority to make non-contentious decisions on behalf of the OCC. Any decisions which may have a reputational or otherwise material consequence for the firm must be escalated to the OCC or the Executive Committee to manage as appropriate.

All staff in investment roles are encouraged to broaden and deepen their RI knowledge, whether through internal training or external professional development opportunities. Given the relevance of ESG factors to the investment process, we support employees who wish to pursue additional qualifications related to sustainability or ESG.

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**DISCLOSURE D** Describe how you manage stewardship-related conflicts of interest to put the best interests of clients and beneficiaries first.

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**OUR APPROACH TO ACTUAL OR POTENTIAL CONFLICTS OF INTEREST**

Ruffer's policy is to act in the best interests of all our clients. Enacting this policy effectively is critical for two main reasons: to support the health and success of the financial system; and to ensure our clients and investors are treated fairly.

Ruffer is a Limited Liability Partnership (LLP). This structure aligns our interests with those of our clients. Our staff share in Ruffer's profitability, so they are interested in nurturing client relationships through ongoing communication and by delivering upon our investment objectives. Where conflicts of interest on stewardship exist between Ruffer and a particular client or our wider client base, it is Ruffer's policy to act in the best interests of all our clients.

We consider the risk of a conflict of interest to be minimised because all our funds are managed to one active approach. We don't offer a range of public and private market or passively and actively managed funds.

Ruffer takes all appropriate steps to maintain and operate effective organisational and administrative arrangements to identify and prevent or manage relevant conflicts between a client and Ruffer or between one client and another. To further reduce any potential conflicts of interest, we clearly document the justifications and decision-making process on every item. Where a potential conflict of interest is identified, the interests of the client or client fund are put before the interests of Ruffer, its subsidiaries and its staff.

If the organisational or administrative arrangements referred to above are insufficient to ensure, with reasonable confidence, that risk of damage to the interests of a fund or client is prevented, Ruffer's senior management will be promptly informed, so that any necessary decision or action can be taken to ensure Ruffer acts at all times in the best interests of its clients and funds.

**WHERE CAN EMPLOYEES FIND INFORMATION ABOUT CONFLICTS OF INTEREST?**

The Ruffer Compliance Manual is available to all employees on the firm’s intranet. It is updated regularly, and all staff are required to attest annually they have read and understood its contents. We also have a whistleblowing policy and an employee assistance programme. The policy provides details of the whistleblowing champion for the Ruffer Group, an independent organisation and a UK charity for whistleblowing and the relevant contacts at both the FCA and the US Securities and Exchange Commission (SEC).

**HOW DO WE GATHER CONFLICT OF INTEREST RELATED INFORMATION?**

Ruffer employees are required to disclose any external activities, such as trusteeships and directorships, and financial holdings annually, via the online platform MyComplianceOffice. For any trading on personal accounts, we have a formalised approval process (conducted as needed) and regular issuance of stop trading lists (Stop List). All order confirmations must be sent to Compliance.

**POTENTIAL CONFLICTS OF INTEREST**

We have detailed below the conflicts that might arise during the management of a client’s portfolio and how we would try to mitigate or manage the conflict.

Potential conflicts	How we would manage the conflict
Ruffer acts as investment manager for another client or clients with interests in investments in relation to which Ruffer provides investment advice or may effect transactions for the portfolio.	Ruffer will always take appropriate steps to ensure fair treatment for the client by disregarding any interest it may have when advising or dealing on the client’s behalf, and by maintaining procedures preventing members of staff from gaining an unfair advantage from the holding of, advice in relation to, or dealing in investments on behalf of its clients.
Ruffer itself, or Ruffer staff members, may have an interest in investments in which Ruffer may provide investment advice or effect transactions for the portfolio.	
The portfolio contains securities where a Ruffer staff member is a director or other officer of the issuer.	
The transaction or investment advice is in relation to a collective investment scheme or investment trust whose assets are managed by Ruffer or one of its subsidiaries.	

## RECORDING OF CONFLICTS

To help identify and manage any potential conflicts of interest, all those identified by Ruffer are documented centrally in the Conflicts of Interest Matrix (COI Matrix), along with the arrangements in place to manage these and any other conflicts. The COI Matrix contains generic potential conflict scenarios and cross references these to the relevant Ruffer policies and procedures instituted to prevent or manage them. The matrix makes clear which conflicts, and potential conflicts, apply to all Ruffer entities and which only to select Ruffer entities. The COI Matrix is prepared and maintained by Compliance, with input from relevant business areas, including the Executive Committee and Ruffer LLP subsidiaries.

## DISCLOSURE OF CONFLICTS

If our arrangements to prevent conflicts of interest from adversely affecting the interests of a client or fund are inadequate, Ruffer is obliged to clearly disclose the general nature or sources of conflicts of interest, and the steps we take to mitigate them, to a client before undertaking any business for them.

## IDENTIFYING AND MANAGING CONFLICTS OF INTEREST

To minimise the risk of conflicts of interest arising (including through stewardship activities), Ruffer has

- 1 An inside information policy allowing a Relevant Person to inform Compliance of any inside information they may hold on a company, which is added to the Stop List until the information is in the public domain
- 2 Divisions and legal entities operating with appropriate independence from one another
- 3 Supervisory arrangements which provide for separate supervision of staff where necessary for the fair management of conflicts of interest
- 4 Appropriate controls to identify and manage board memberships and outside business interests of Relevant Persons
- 5 A remuneration policy so that remuneration and the prudent management of clients' interests are aligned
- 6 Appropriate inter- and intra-divisional escalation processes where a conflict of interest has been identified or may be identified
- 7 A requirement for any delegates of Ruffer providing services in the context of the management of alternative investment fund (AIF) portfolios to notify Ruffer of any circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of that AIF or its investors
- 8 Adequate records of where a conflict of interest has been identified
- 9 Where necessary, Relevant Persons subjected to personal account transaction rules
- 10 Periodic reviews of the adequacy of Ruffer's systems and controls for conflicts of interest

## DISCLOSURE E Describe how you maintain a dialogue with clients and/or beneficiaries.

The Ruffer investment approach is unchanged from when the firm started in 1994. We actively manage investments, mainly in conventional assets, and operate freely, without restrictive benchmarks. We seek to be responsible investors, integrating ESG issues and undertaking stewardship activities as part of our investment process.

### HOW WE COMMUNICATE WITH CLIENTS AND INVESTORS

At Ruffer, clients are our priority. We strive to maintain a transparent and responsive dialogue with clients to ensure we meet their needs. This is achieved through a variety of channels.

We conduct stewardship activities on our clients' behalf. We provide an overview of recent engagement activities in our quarterly Responsible Investment Report, which is available to all clients. This is in addition to standard portfolio updates, valuation reports, online articles and webinars. Our stewardship activities are discussed in client meetings, and our ESG integration approach forms part of our standard presentation to clients.

We outline our stewardship activities in this annual Stewardship Report in response to the UK Stewardship Code. We publish our voting records annually. We also publish a report responding to the TCFD recommendations compliant with FCA rules. We produce on request voting data and significant vote information in the Pensions and Lifetime Savings Association (PLSA) Implementation Statement template.

We recently published the eighth edition of our annual Ruffer Review. The Review is designed to be wide-ranging and eclectic, both educating readers and stimulating discussion. Articles cover topics spanning from our investment views (notably, from Co-CIO Henry Maxey), analysis of the current geopolitical climate, the growing importance of narratives in markets and the case for reabsorbing ESG factors back into fundamental research. We invite guest contributors to submit articles on topical and wider-ranging issues.

[RUFFER.CO.UK/RUFFERREVIEW](https://ruffer.co.uk/rufferreview)



## HOW WE SEEK CLIENT VIEWS ON STEWARDSHIP AND ASSESS OUR EFFECTIVENESS

At Ruffer, we greatly value feedback from clients and other stakeholders. We receive feedback directly from clients in meetings and evolve our reporting to best meet their needs. For example, in 2024, we refined the structure of our in-depth engagement examples to align with three clear pillars: objectives, outcomes and next steps. This updated approach mirrors how we document and monitor progress across our engagements. We believe it strengthens the clarity and transparency of our stewardship reporting, ensuring stakeholders can more easily understand both our actions and their impact. The report will continue to evolve as we meet the needs of our clients and investors. Any feedback is considered and, where deemed additive, incorporated into our process. These discussions inform our reporting efforts, engagement activities and proxy voting.

Ruffer encourages an open dialogue with clients on engagement and voting activities, both ad hoc and in formal meetings. We consider and may prioritise engagement topics brought forward by clients, which potentially inform our stewardship strategy, including voting. At clients' request, we will provide voting outcomes to meet due diligence, reporting or other needs.

We participate in asset (investment) consultant-led due diligence surveys and respond to stakeholder questionnaires, the results of which help to inform our approach to responsible investment. We use the insight and feedback to review our practices and look at areas for improvement.

# Activities and outcomes

**PRINCIPLE 1** Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries.

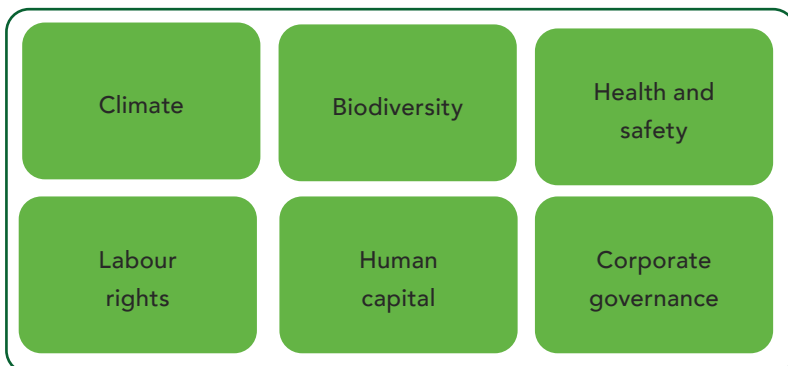
Ruffer has one investment approach, actively managing the portfolio without restrictive benchmarks. We are committed to being good stewards of our clients’ assets and believe stewardship activities can lead to meaningful and lasting change, resulting in better long-term outcomes for our clients and other stakeholders. To that end, we integrate ESG considerations into our investment process.

## ESG MATERIALITY ASSESSMENT

Our ESG analysis informs how we conduct our stewardship activities and the tools we employ to deliver them. What we elect to do is informed by discussions between the RI team, the Investment team and, where necessary, the C&D team. This is an important part of the process as it enables our engagement and voting activities to be integrated into our investment monitoring and oversight. This subsequently may inform our investment decision-making – be that to buy, reduce, sell or hold a position.

Investment analysts have primary responsibility for considering ESG risks and opportunities, supported by the RI team. For the most material or potentially contentious investments, an enhanced ESG due diligence analysis is required, potentially coupled with stewardship actions.

## COMMONLY IDENTIFIED MATERIAL ISSUES



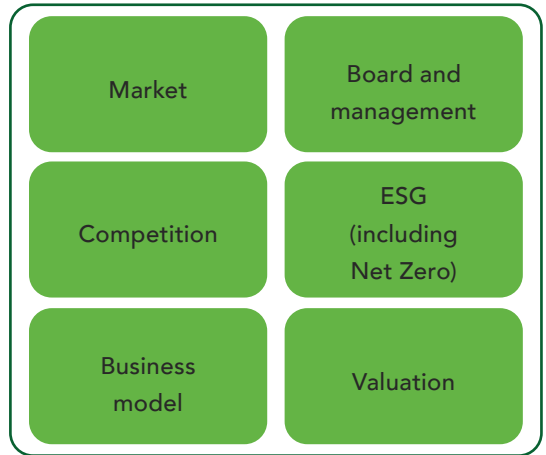
### INVESTMENT PROCESS

ESG issues are integrated into our investment process, which includes the following activities and functions

- collaborative research
  - in-house research
  - third party research
- proxy voting research
- direct engagement
- collaborative engagement
- collaborative initiatives
- client led initiatives and ethical restrictions

### KEY FACTORS ANALYSED

Not exhaustive and not mutually exclusive; subject to materiality to the investment case



### OUR RESEARCH METHODOLOGY

For the purposes of the Stewardship report and given the commonality in the investment processes, we group the securities we hold into: listed equities; sovereign bonds, including inflation-linked and nominal bonds, short or long dated; and other (cash, derivatives and commodities).

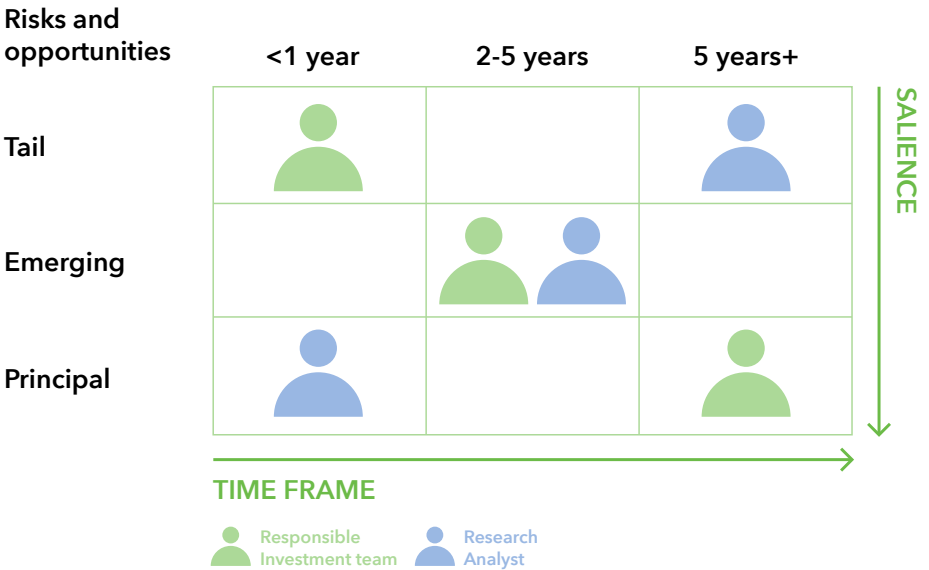
### LISTED EQUITIES

Our ESG framework is flexible, allowing for an exploration of industry and sector-specific trends or themes, or the integration of an ESG factor into a quantitative, factor-based process. The trends and themes – such as potential regulatory headwinds, possible disruption or how a company compares with industry best practice – overlap but are handled differently depending on the investment process implemented. ESG factors or issues are integrated into our investment approach and may represent sources of both return and risk.

### EQUITY SECURITY SELECTION - FUNDAMENTAL

In our fundamental research process, quantitative screens and qualitative analysis – including ESG research and due diligence – are employed in determining investee companies. The investment analyst who completes the fundamental analysis integrates ESG considerations into their recommendation through completion of a basic ESG tear sheet. The tear sheet is partly automated – pulling data or metrics from MSCI, the TPI and the SBTi – and partly populated by the analyst. The objective of the tear sheet is to highlight any material ESG risks and opportunities for stewardship and to consider the potential for any decrease of value or cash flows.

For material or potentially contentious investments or where Ruffer has a larger holding in absolute terms or as a proportion of the company’s issued share capital, we carry out a more extensive (enhanced) due diligence task, requiring detailed analysis, documentation and consideration. This enhanced due diligence is completed collaboratively by a member of the RI team, alongside the security owner, ensuring a ‘four eyes’ independent review of issues which are possibly material to the investment case.



In Q2 2025, we introduced our 3x3 risk and opportunities due diligence grids (see illustrative example above), used by the RI team and relevant analysts, with additional input from Fund Managers and members of the C&D team. The grids capture the risks and opportunities associated with each holding across multiple time horizons. They are aligned with ESRS reporting and structured around categories of risk that increase in saliency over time.

Targeted completion of the grids is pre trade. They are intentionally dynamic, enabling new insights to be incorporated as information evolves, including news flow, earnings calls and company meetings. They also inform our broader stewardship plans by ensuring engagement priorities reflect a comprehensive and timely view of material issues.

Although the current grid is spreadsheet-based, a dedicated technology build is under way. Encouragingly, the tool already allows perspectives from across the investment teams to be synthesised. During this transition period, the legacy ESG due diligence process continues to operate in parallel with the new grid-based approach until the supporting technology infrastructure is fully implemented.

## **EQUITY SECURITY SELECTION - FACTOR-BASED**

Applying a quantitative approach, we seek to use an array of sentiment, technical or fundamental indicators to identify one or more market factors – such as value, growth, quality or momentum – that offer attractive risk premiums and the opportunity to build a portfolio of companies which display the attributes we are seeking to exploit. Here, we are agnostic to the company name or economic sector; it is the factors we are seeking to identify through a data driven, analytical approach, which results in a portfolio of around 40 names to balance specific with non-specific risks.

The **resource usage and productivity indicator (RUPI)** is a proprietary factor for integration within a quantitative process. This model allows benchmarking between and across industries, enabling stewardship where gaps and weaknesses are identified and, as a possible input, to aid security selection. RUPI includes indicators for waste, energy, water, greenhouse gas emissions and employee footprint.

The portfolio of company names is then screened against social norms, MSCI ESG ratings and economic sectors, to identify if Ruffer is investing in or exposed to any current or past activity which may represent an ESG risk, reputational concern or controversy. In response, appropriate stewardship activities are determined. The RUPI model identifies gaps in the underlying data points, such as missing or incomplete data on water consumption, providing another potential engagement angle. This step does not result in restrictions of the portfolio names; it merely serves to identify areas of potential ESG risk.

## **ENERGY TRANSITION AND GREENHOUSE GAS EMISSIONS REDUCTION**

We may supplement due diligence with a specific ‘climate strategy and competitive advantage’ analysis focused on climate-related risk and opportunity, energy transition and comprehensive carbon accounting. This analysis blends CDP (formerly the Carbon Disclosure Project) carbon reporting, SBTi (where available), company annual reports and financial statements, sustainability reports and a benchmarking exercise using various financial and sustainability metrics on an absolute and relative basis. Here, we are trying to establish what elements may restrict and what factors may enhance a successful transition strategy, and the possible implications for issues like capital allocation, carbon cost pass-through, capital and operating expenditure and the sources and uses of cash, all to identify possible value creation or value destruction.

We have developed a five point transition matrix for equity analysis (see table below) that distils our climate strategy and competitive advantage position statement into a clear evaluative framework. This framework is currently being implemented to support a structured and consistent assessment of organisations’ climate risk management capabilities, as well as their capacity and commitment to address nature related risks and other emerging environmental considerations. It can also be adapted to cover a broader range of topics beyond the energy transition.

Ruffer’s five point transition matrix

Checklist	Status	Gaps	
1 Footprint/baseline/impact assement	<span style="color: green;">●</span> <span style="color: yellow;">●</span> <span style="color: orange;">●</span>	?	AMBITION
2 Targets	<span style="color: green;">●</span> <span style="color: yellow;">●</span> <span style="color: orange;">●</span>	?	
3 Incentives	<span style="color: green;">●</span> <span style="color: yellow;">●</span> <span style="color: orange;">●</span>	?	CREDIBILITY
4 Internal price on carbon, water, nature, etc	<span style="color: green;">●</span> <span style="color: yellow;">●</span> <span style="color: orange;">●</span>	?	SCOPE FOR VALUE CREATION
5 Inventory of projects with decoupling potential	<span style="color: green;">●</span> <span style="color: yellow;">●</span> <span style="color: orange;">●</span>	?	

ESG considerations remain under review throughout our holding period for a security. If we identify an engagement topic or theme which is material to the investment case, we will seek to engage. Our voting decisions may flow from engagement activities, and we exercise these rights diligently using ISS research as an input.

As ESG risks and opportunities evolve, they are raised both informally across the desk and more formally – for example, if a material change to an ESG consideration impacts our investment thesis. This has, on occasion, led to a decision not to invest in a particular company, or to reduce or sell a position.

We believe successful ESG integration also identifies opportunities, such as companies which have made progress on addressing their corporate governance, environmental or social footprint or which already manage these well. Examples include companies tackling issues like gender equality, water management, biodiversity risk and capital allocation.

Our ESG analysis incorporates a range of qualitative and quantitative considerations drawn from internal and external research and from formal and informal data sources. We analyse relevant company information, including annual and sustainability reports. Our primary source of ESG data, metrics and research is MSCI ESG Research.

Other sources of data or frameworks include the following

- Sustainability Accounting
- Standards Board (SASB) framework
- TCFD reporting
- CDP
- ISS
- SBTi
- TPT Disclosure Framework
- TPI
- LSEG (formerly Refinitiv)

We review our data providers' performance from time to time and meet with emerging and alternative providers to assess whether their products or services could add value for our clients.

## **SOVEREIGN BOND SECURITIES**

Sovereign bonds play a crucial role in our clients' portfolios. However, holding a bond does not confer proportional ownership of the issuer (whereas holding an equity does). In simple terms, a bond is a loan, a promise to repay principal and interest. We are not benchmark constrained, so we can alter our duration or holdings should our view differ from the market.

Integrating ESG presents greater challenges with fixed income, particularly sovereign bonds, than with equities. We consider both the issuer (for example, the United Kingdom) and, where relevant, the issuance (the actual bond, its purpose and its characteristics, such as coupon, tenor and ratings). Our macro views, and the role bonds play in the portfolio, allow us to consider ESG at the issuer level. That is, an ESG ranking becomes an input, alongside fundamental analysis, into country weight, security selection or portfolio construction.

## **SOVEREIGN BOND SECURITY SELECTION**

We have established a proprietary framework to assess the underlying ESG risks in our sovereign bond holdings, which sits alongside and complements our traditional fundamental analysis of debt instruments. This framework, consisting of country-level indicators to gauge each sovereign issuer's exposure, helps us to identify and assess sovereign ESG risks. It is impossible to perfectly model every individual factor, given data availability and other limitations.

Our framework includes a wide-ranging set of measures. We analyse environmental inputs, including renewable energy usage and waste recycling, and population studies assessing physical climate risk in low-lying areas. From a social and governance perspective, indicators are equally broad, touching on health and education, female labour force participation and measures of political stability and corruption. In total, we assess 14 thematic factors, using 37 internationally comparable datasets, for over 180 countries.

The output of the analysis is an ESG score assigned to each sovereign issuer. The model also allows us to identify where material risks for a particular sovereign are concentrated, giving us a basis for further research. To avoid penalising developing countries (given their different development priorities and stage of growth), we assess the evolution of a country's ESG profile over time, to understand which governments have been taking actions and making improvements.

Transitioning to a more sustainable world is highly complex, and the sovereign framework we have created is not about binary investment decisions. Instead, it gives

us an indicator of the different sustainability risks sovereign debt issuers face at a time of growing scrutiny and (financial) pressure on governments. This information should enhance our investment decision making and risk management of portfolios and may assist us in identifying key areas for engagement with policymakers.

Assessing Sovereign Climate related Opportunities and Risks (ASCOR) is the first publicly available, independent, open source investor framework and database designed to evaluate the climate action and alignment of sovereign bond issuers. Its State of the Sovereign Transition 2025 report assesses the climate change performance of 85 high, middle and low income countries against the ASCOR framework, an increase from 70 countries last year, and now covers approximately 90% of global greenhouse gas emissions and GDP.

Coverage relevant to Ruffer includes Japan, the US and the UK, the three major developed markets in which we hold sovereign debt instruments.

The report concludes that, while most countries have taken initial steps to set targets, develop policies and plan their financing needs and allocations, many fall short on ambition, transparency or credibility.

Source: ASCOR

## OUR RESEARCH METHODOLOGY

As our fixed income holdings are mainly government bonds and given the size of our assets under management, we consider there is no scope for direct engagement activities (that is, negotiating the terms of the bond). Previously, we have engaged with national policymakers in the UK and overseas on topics from future debt issuance to sustainability regulations and disclosures. Market wide fixed income ESG analysis and engagement remains at a relatively early stage, and meaningful stewardship outcomes are likely to be realised over decades rather than years. As noted above, we continue to formalise and evaluate our approach to systemic risks. At this stage, our engagement activity is primarily anchored in collaborative initiatives that align with our investment beliefs.

## OTHER ASSET CLASSES

Using these instruments is key to effectively and efficiently implementing the Ruffer all-weather investment strategy. They help us to manage, or offset, market risks when we see clouds approaching.

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## **COMMODITIES**

We have taken positions in exchange-traded commodities (ETCs), or in futures instruments, to gain exposure to the price signal offered by one or more commodities. We have held ETCs including oil, copper, gold, silver and platinum. When investing in ETCs or single commodity securities, we currently do not consider ESG factors, such as supply chain and environmental risk. However, we recognise the criticality of certain metals and minerals to the energy transition, which implicitly feeds our positioning in several of these elements. Our process seeks to identify – largely based upon past performance, forward-looking market observations and current price – opportunities to hold these instruments short or long term to provide returns to investors.

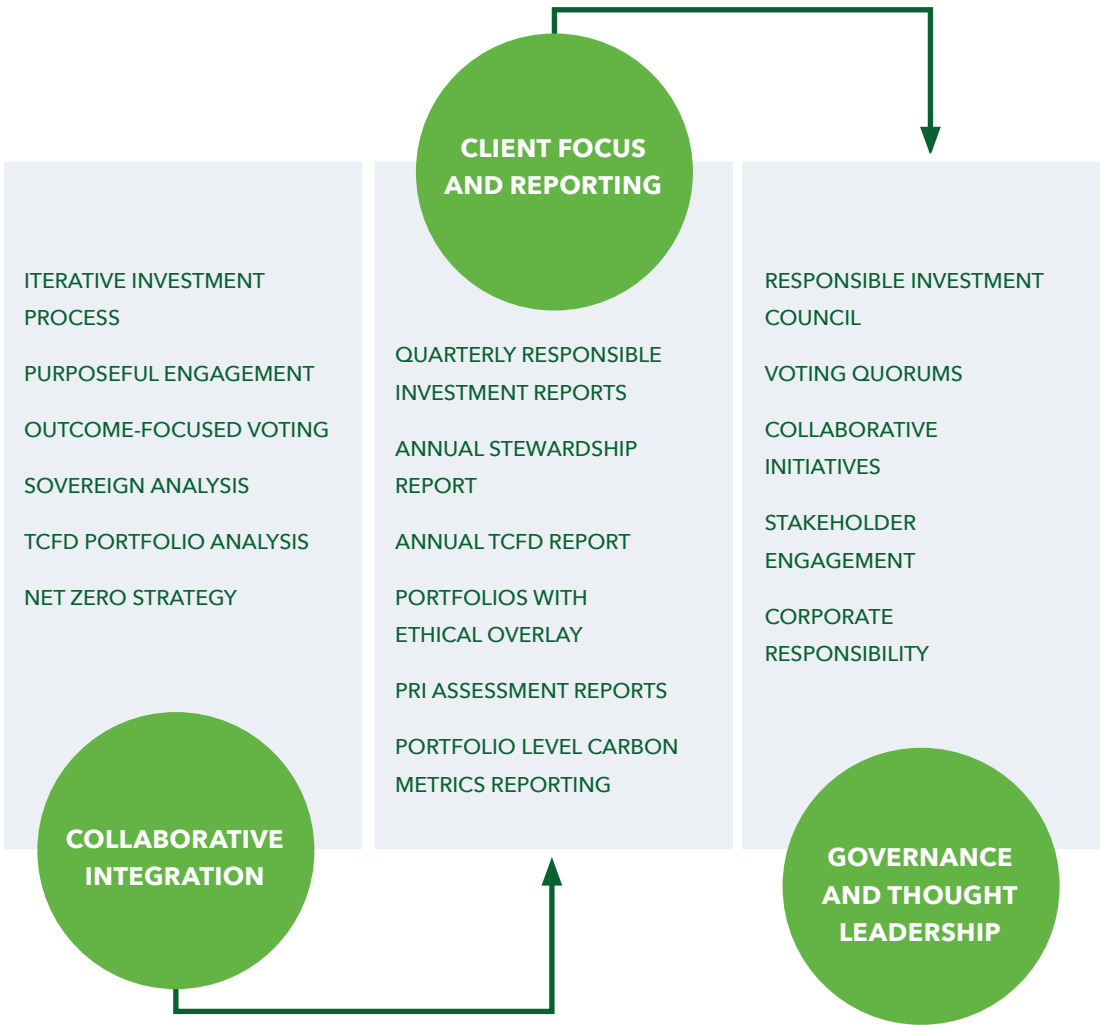
## **CASH AND CREDIT AND DERIVATIVE STRATEGIES**

We may invest both directly and through specialist external managers in strategies designed to protect against increased volatility in financial markets (not just equities, but currencies and bonds too) or a widening of credit spreads or to either participate in expected equity market rallies (for example, via call options) or protect the portfolio from expected equity market declines (for example, via put options).

The main instruments used to protect against a widening of credit market spreads are credit default swaps (CDS) and CDS options. To protect against other risks, including adverse currency or interest rate movements, we use financial instruments such as forwards, futures and options. We may buy or sell instruments that are either over the counter (OTC) or exchange traded.

We invest in cash – short-term investments held with the major banks – as a safe haven asset or to get exposure to foreign currencies without taking equity or credit risk.

We currently do not consider ESG factors when investing in cash, credit and derivatives. We cannot take an active ownership role in the management of these instruments and securities. That is because we mainly hold interests in indices, rates or currencies which may not directly relate to any one company, commodity, issuer or security. That said, cash, credit and derivatives are critical to delivering our investment strategy, protecting the portfolio against systematic risks, efficiently capturing returns and potentially offsetting systemic risks.



## **NET ZERO ASSET MANAGERS INITIATIVE**

In January 2025, partly in response to various asset managers leaving the initiative, NZAM issued a notice to signatories stating it had begun a review of the initiative. It closed sections of its website, including its signatory list. We appreciated the actions taken to evolve the framework in light of the shifting global landscape and watched the review process closely. We were active participants in the NZAM consultation survey and working groups. While we awaited the outcome of the review, Ruffer continued to recognise climate-related risk as a systemic risk and the need to reduce anthropogenic carbon emissions, given their possible effect on the functioning of markets.

In late 2025, NZAM returned with a new framing and, in January 2026, Ruffer elected to remain a signatory. In making this commitment, we recognise that the extent to which signatories (and the industry as a whole) can implement their ambitions depends on a range of factors, including clients and their approaches to climate change; on the enabling environment, in particular the policies and regulations adopted by governments and other public actors relating to climate change; and on the actions taken by companies and other actors.

Given innovation, regulation and cultural attitudes on the one hand and physical disruption on the other, climate risk ought to be studied by investors as any other pertinent systemic or idiosyncratic risk. NZAM helps provide structure to the risk assessment. As we move forward, climate risk remains deserving of attention. Considering the changes to the initiative, we will continue to monitor the situation and periodically assess our approach within the new framework. We will update it as the landscape and our views develop.

## **WHAT IS NZAM**

After an in-depth review, NZAM is looking to “retain ambition, remain globally inclusive, and ensure the Commitment Statement continues to be practical within the evolving landscape.” This acknowledgement of the changing landscape clarifies that “the extent to which signatories can implement the actions set out in the Commitment Statement depends on a wide range of factors including clients, policies and regulations adopted by governments and other actors.”

“With the aim of delivering better investment outcomes, signatories recognise the importance of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and of continuing to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, in line with the stated goals of the Paris Agreement.”

NZAM's new commitment statement, published in October 2025, removed all references to a 2050 target to make the alliance more accommodative of "diverse jurisdictional realities" and accommodate signatories from a wider range of markets.

NZAM is set to resume activities in early 2026, in line with the new commitment statement. Signatories will continue to set individual targets, implement their own stewardship strategies and report annually on their progress.

### **WHY HAS RUFFER REMAINED A SIGNATORY?**

Our assessment of the risks facing investors concludes that climate risk presents a challenge to meeting our investment objectives. To protect and grow capital, we are deepening our understanding of, and engagement with, the energy transition.

The drive to decarbonise will have profound implications for the investment universe. This disruption will create numerous risks and opportunities as asset prices respond to the pressures of a carbon-constrained world and an increasingly inhospitable environment.

NZAM provides a framework for managing these risks and capturing these opportunities. It also gives a clear set of ambitions, which we can use to communicate our approach to Net Zero investing.

### **WHAT IS RUFFER'S APPROACH TO MEETING THE GOALS OF NZAM?**

The core goal of NZAM is reducing emissions in the sectors its signatories invest in. Only through achieving this can real world emissions be lowered in line with the goals of the Paris Agreement.

We prioritise real world emissions reduction over portfolio emissions optimisation.

This approach is very different to building a green portfolio. Investing in a portfolio of low emission stocks and avoiding carbon intensive sectors may well achieve superficial decarbonisation within the portfolio. But it may have little or no impact on reducing real world emissions.

All elements of the economy, including both the consumers and the producers of carbon intensive goods and services, have a role to play in reducing their emissions. In Ruffer's view, real progress can be achieved only by acknowledging this and working with all sectors, even those that are hard to abate. Blanket divestment is not the answer. We must engage with companies and issuers in order to catalyse the capital flows and innovation required to decarbonise the economy.

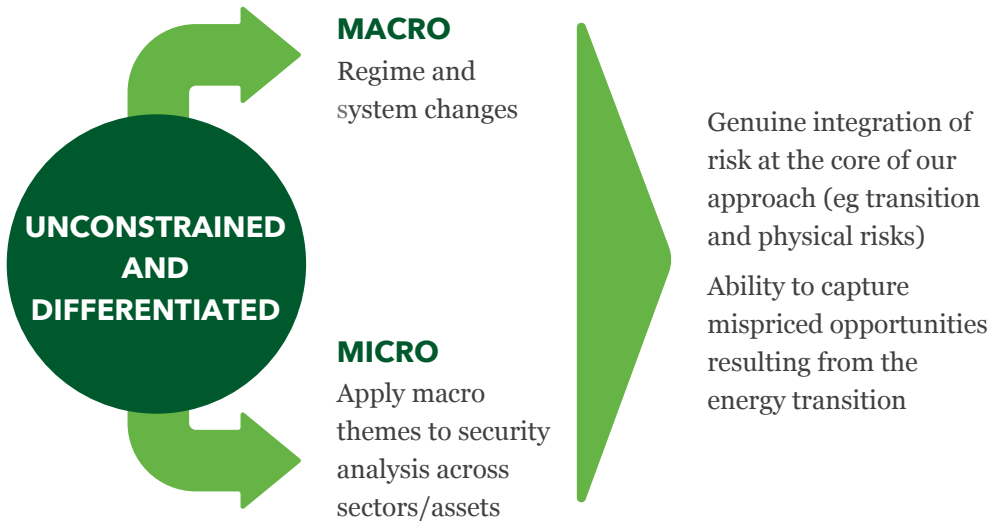
**BUT WHAT IS OUR EDGE?**

The strength of Ruffer’s investment approach has always been the combination of a top-down macro understanding of potential regime or system changes with bottom-up research into the most appropriate securities to protect against and benefit from these changes. The Net Zero transition will be one of the key system changes of the coming decades. Ruffer’s ability to combine macro and micro lenses – alongside a strong programme of stewardship – will be crucial to navigating the risks and capturing the opportunities the transition presents.

Equally crucial, our approach is unconstrained. This means we can make investment decisions which reflect our assessment of how far climate risk is reflected in a security’s valuation. We can also explore different ways of protecting financial capital from climate risk, while capitalising on underappreciated drivers of real-world decarbonisation.

Done well, this can help to manage climate risk in our portfolio, support the energy transition and deliver returns for our investors.

**RUFFER’S INVESTMENT MODEL WITH RESPECT TO CLIMATE RISK AND OPPORTUNITY**



## CASE STUDY: MERITAGE HOMES

### INDUSTRY: REAL ESTATE

#### Themes

Environment - climate target setting, transition to Net Zero; Governance - executive remuneration; Strategy - reporting (audit, accounting sustainability reporting)

#### Type of engagement

Independent - ESG integration

#### Objective

Probe why the company has not established an SBTi target and encourage Meritage to form an emissions intensity target.

Query the significance of the green premium Meritage is facing and the company's thoughts around adopting an internal carbon price and producing a marginal abatement cost curve (MACC).

Understand how the C-suite executives and below are incentivised to reach targets (notably those aligned with the company's sustainability and corporate responsibility goals).

Encourage Meritage to extend its Scope 3 reporting coverage (beyond category 11), disclose the percentage of its suppliers with SBTi targets and seek external assurance on its carbon accounting.

#### Portfolio action

Position sold (in basket rebalance)

#### CONTEXT

Meritage is one of the largest homebuilders in the US. It specialises in the design and construction of single detached and attached homes for first-time and first-move-up buyers. Ruffer invested in Meritage as part of a systematic equity basket targeting free cash flow yield, and the position was subsequently sold during a basket rebalance.

We have developed a five point alignment framework that structures our engagement, enables consistent benchmarking and advances our commitments under NZAM. This framework is a natural extension of our research process, which evaluates companies' transition plans through the lenses of ambition, credibility and scope for value creation. In our view, a credible transition plan requires robust, third party assured emissions data, ambitious yet achievable reduction targets and organisational incentives that align financial and decarbonisation outcomes. Companies should also apply an internal carbon price and publish a MACC to demonstrate the cost effectiveness and breadth of their emissions reduction opportunities.

Our engagement with Meritage centred on outlining recognised best practices, identifying areas for improvement and encouraging the company to work towards closing identified gaps.

## OUTCOME

We encouraged the company to establish an SBTi target. However, the company has not yet done so, citing delays in data availability and the inherent complexity of carbon accounting across its operations. As the business continues to expand, it remains cautious about setting formal emissions targets, though it has implemented internal goals related to the Home Energy Rating System (HERS) to drive improvements in home energy efficiency. The company acknowledged our request for an emissions intensity target and agreed to explore this further. Meritage reiterated that its strategic focus is on building energy efficient homes, noting that its core customer base – millennials and a growing cohort of Gen Z buyers – values sustainability but remains highly price sensitive.

During the engagement, we also explored whether Meritage had adopted an internal carbon price to prepare for potential regulatory developments. The company confirmed that it has not implemented such a mechanism and has not yet given it significant consideration. Meritage explained that it first needs a clearer understanding of emissions per home and recognised that, should regulation tighten, the financial impacts would likely be felt directly. The company acknowledged this may require a more proactive stance in the future. When asked about the use of a MACC, Meritage indicated we were among the first to bring the tool to its attention and the company understood the potential value in linking decarbonisation initiatives to financial outcomes. It also noted customer satisfaction is closely tied to its corporate social responsibility performance and the

environmental attributes of its homes, which in turn influence compensation structures.

Meritage has reported Scope 1–3 emissions since 2019, positioning it as an early mover among US homebuilders. However, it highlighted the significant challenges the industry faces in generating accurate emissions data, particularly given the difficulty of obtaining reliable information from suppliers. The company is working with national vendors to improve data quality, though many suppliers do not yet produce Environmental Product Declarations (EPDs). Only a small proportion currently provide them. Meritage uses supplier surveys to determine whether lifecycle assessments or EPDs exist and is assessing whether the limited EPD data available can be used to establish a baseline. Following our recommendation, the company said it was willing to incorporate a check for suppliers with SBTi targets into its annual supplier survey. Meritage also emphasised it is encouraging suppliers to produce EPDs and is leading a peer group within the industry to advance this effort.

Finally, we reiterated the importance of strengthening sustainability disclosures through external assurance. Meritage noted that, while it has considered external assurance, it is not an immediate priority. The company currently relies on third party advisors for carbon accounting and has rotated advisors over time to identify those with strong expertise in EPDs and the building sector. Meritage said it is likely to pursue external assurance within the next few years as its reporting processes mature.

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## NEXT STEPS

The company appears very open to our ideas and developing its sustainability reporting. We are monitoring the company and its sustainability reporting as formal engagement enters a pause.

## CASE STUDY: SMURFIT WESTROCK

### INDUSTRY: PAPER AND PAPER PRODUCTS MANUFACTURING

#### Themes

Environment - lifecycle impact of products/ services, climate target setting; Social - human labour rights; Strategy - reporting (audit, accounting sustainability reporting)

#### Type of engagement

Independent - ESG integration

#### Objective

Get an update on portfolio rationalisation post merger and encourage the adoption and publishing of a MACC.

Assess Smurfit's recycling capabilities and evaluate regional differences between Europe and North America in waste collection practices and consumer responses to recycled products.

Understand Smurfit's approach to addressing concerns flagged by clients regarding impacts on local communities.

Confirm whether Smurfit engages with research providers to understand and respond to its score.

Probe how the company considers its financial key performance indicators (KPIs) alongside its sustainability targets and encourage Smurfit to increase the level of assurance over its sustainability data.

#### Portfolio action

Remain invested

## CONTEXT

Smurfit Westrock is a global paper-based packaging company formed through the merger of Smurfit Kappa and WestRock, completed in July 2024. The group produces corrugated packaging, containerboard and paper solutions, serving a wide range of consumer and industrial end markets, with a focus on scale, operational efficiency and sustainable packaging solutions.

Our engagement with Smurfit sought material insights into the company's recycling capabilities, post merger sustainability strategy, community impact management and integration of financial and non financial targets, each of which informs our investment view of the combined entity's long-term resilience.

## OUTCOME

Discussions on recycling practices highlighted meaningful regional differences in fibre recovery and waste collection infrastructure, with Europe demonstrating more advanced but fragmented systems than the US. Smurfit's balanced stance on virgin versus recycled fibre, supported by full Forest Stewardship Council (FSC) certification across its forestry operations,

reinforced our assessment that the company prioritises sustainability outcomes over simplistic recycled content metrics. Its customer centric approach of educating clients on carbon trade offs and focusing on quality improvements that reduce waste aligns with our view that credible circularity strategies must be grounded in operational realities rather than headline targets.

These insights strengthen our conviction in Smurfit's ability to navigate evolving regulatory and consumer expectations around packaging sustainability.

The post merger integration with WestRock remains a critical area for investment scrutiny. Smurfit's update on portfolio rationalisation, the planned embedding of sustainability targets into its green revolving credit facility and its intention to disclose a consolidated Scope 3 inventory in the next sustainability report provide visibility into the trajectory of the combined group. The company's candid acknowledgement of methodological challenges in Scope 3 accounting, and its exploration of alternative supplier engagement metrics where SBTi validation remains uncertain, shows a pragmatic but forward looking approach to value chain decarbonisation. Smurfit instead noted that determining the percentage of strategic suppliers which use renewable energy and creating a target to improve it is a more feasible option for the company to drive system change in its value chain. While publication of a MACC is unlikely before 2026, Smurfit's bottom up target setting process at mill level supports our assessment that the company is building a credible foundation for future emissions reduction planning.

We also examined concerns raised by clients regarding community impacts and Smurfit's

interactions with ESG research providers. The company described extensive engagement with MSCI on its UNGC Watch List classification and expressed frustration with the opacity of the methodology. Smurfit provided evidence of longstanding positive community contributions, including partnerships with WWF, full FSC certification and decades of biodiversity and social impact initiatives. While MSCI has not revised its assessment, Smurfit's willingness to maintain open dialogue and enhance disclosures informs our understanding of the gap between external ratings and on the ground practices, an important consideration in our internal ESG assessments.

Finally, Smurfit's integration of financial and sustainability metrics within strategic planning reinforces our investment thesis that sustainability performance is increasingly a driver of operational efficiency and long-term value creation. The company described how electrification projects, energy transition investments and emissions reduction initiatives are now financially accretive in several regions. Its commitment to achieving reasonable assurance over sustainability data, despite delays linked to the merger, supports our confidence in the future reliability of reported metrics. The rollout of a unified data collection system and its openness to refining health and safety indicators further demonstrate a maturing governance framework.

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## **NEXT STEPS**

We will continue to monitor Smurfit's disclosure as revised sustainability targets are expected in the next sustainability report. We will provide feedback on MSCI-listed controversies and encourage the inclusion of leading and lagging health and safety indicators as KPIs in executive remuneration.

Overall, this engagement has deepened our understanding of Smurfit's operational

capabilities, transition readiness and approach to managing ESG related risks and opportunities. These insights inform our investment process by strengthening our assessment of the company's strategic alignment with long-term sustainability trends, the credibility of its decarbonisation pathway and its capacity to manage regulatory, reputational and operational risks across regions.

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**PRINCIPLE 2** Signatories identify and respond to market-wide and systemic risks to promote well-functioning financial markets.

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Ruffer has invested in various areas of the business, including technology, to add resilience to our investment process. First, Ruffer's Co-CIOs and the Head of Investment Strategy provide senior-level oversight, input and decision making on key issues such as asset allocation. Second, Ruffer has invested further into data and information, primarily looking at historical market performance based on fundamental observations (for example, if the price of gold is more than two standard deviations above its long-term average, what is the range of outcomes for the next period?). The Navigator is a proprietary suite of dashboards and models that provide a quantitative read on markets. It is used by our Investment team to analyse financial history, identify market extremes and challenge the portfolio with findings. Third, Ruffer integrated **Aladdin by BlackRock**, enabling greater efficiencies in total portfolio management.

Market-wide (or systematic) risks include inflation, interest rates, war, recession, currency changes and financial stability. These risks hold the potential for investment losses due to fluctuations in overall market conditions and are the exact risks Ruffer seeks to manage or offset in building its portfolio of assets and securities. While systematic risks cannot be diversified away, we argue that they can be managed through a macro driven, multi asset class active management approach. Our objective is to deliver positive returns even through market-wide risk events. Of course, tipping (or turning) points in markets are notoriously difficult to predict, let alone time (in market direction terms).

Climate related risk is the primary systemic risk Ruffer has prioritised within its stewardship activities. Systemic risks are interconnected – for example, climate change impacts nature and biodiversity (shifting temperature and rainfall patterns means ecological boundaries are moving, resulting in some species becoming more prevalent while others become less). Meanwhile, changes to nature and biodiversity impact climate change (deforestation of the Amazon means there is less vegetation to photosynthesise carbon dioxide into oxygen). Further, environmental changes flow into social impacts. For example, increases in **wet bulb temperature** influence where humans can safely live and work, while desertification of formerly arable land results in migration. This interconnectedness entails complexity and, for ESG analysis, requires identifying the underlying value drivers and detractors which may become material to financial value over time.

The focus of our engagement is idiosyncratic or bottom-up, in keeping with our actively managed, value-oriented security selection approach. This approach may help us to quantify and qualify various aspects of climate-related risk and opportunity, including whether we have conviction in the ambition, credibility and scope for value creation of the companies we choose to hold. It helps us identify gaps, challenges, barriers and opportunities – some of which may be linked to the system or the regulatory settings, government policies and accounting standards. If we increase the portfolio weight allocated to factor-based, quantitative equity strategies where we seek exposure to a particular theme or market anomaly, then system stewardship – or raising the standards for all companies and businesses – may become more of a focus of our activities.

The World Economic Forum, in its annual [Global Risk Report](#), provides a visualisation of the systematic and systemic risk landscape, as a series of interconnected social, environmental, economic, technological and geopolitical risks. Many of the risks identified, although with a different name, map to the planetary boundaries. Changes in one bubble flow to changes in one or more other bubbles. System stewardship is difficult and resource intensive. Below, we outline our approach to or thinking on a subset of systemic risks we see as material or potentially material to the overall functioning of the capital markets.

We saw three distinct market environments in 2025. The start of the year was characterised by a benign rotation in equity markets away from the US towards Europe and China. From mid-February, markets experienced a sell-off, exacerbated by President Trump's reciprocal tariff announcements in April. From late April onwards, a relief rally emerged across both equity and bond markets. Importantly for investors, the portfolio delivered positive performance through each of these phases, underscoring its ability to protect capital during periods of market stress while continuing to participate in equity market upside.

This was achieved by striking the right balance between protection and growth assets. On the growth side, allocations to gold mining equities and a tilt towards markets outside the US proved fruitful. Meanwhile, on the protection side, a blend of direct equity market offsets, credit protection and yen exposure provided portfolio resilience.

Our strategy and approach to systemic stewardship continue to evolve, and over the past year we have focused on strengthening how we deliver company specific and systematic stewardship. Alongside this, the RI team reviewed a range of collaborative initiatives and recommended supporting several industry letters relating to climate and other systemic risks. These activities are outlined on page 53.

## SYSTEMIC RISKS

### HOW WE CONSIDER CLIMATE-RELATED RISKS (AND OPPORTUNITIES)

The Paris Agreement's primary goals are to limit global warming to well below 2°C (ideally, 1.5°C) above pre-industrial levels, aiming for Net Zero greenhouse gas (GHG) emissions by the second half of this century. It aims to enhance climate resilience, increase adaptation abilities and align finance flows with low-emission development. The Copernicus Climate Change Service confirmed that 2025 was the third warmest year on record<sup>1</sup> – only marginally (0.01°C) cooler than 2023 and 0.13°C cooler than 2024, the warmest year on record. This marks the first time a three-year period has exceeded the 1.5°C limit. Using several methods, the climate monitoring service finds the current level of long-term global warming to be estimated at around 1.4°C above the pre-industrial level. This observation does not mean the Paris Goals have not been met but does stress the need to better prepare for the physical and transition risks associated with a disorderly transition.

Disorderly transition scenarios explore higher transition risk due to policies being delayed or diverging across countries and sectors. For example, (shadow) carbon prices are typically higher for a given temperature outcome. With a mid-point estimate of 2.6°C of warming by 2100, there is little evidence of either measurable progress in the Climate Action Tracker's warming projections, serious curtailments of fossil fuel production or the application of an adequate social cost of carbon to shift consumption behaviour. So climate-related systemic risk will likely become a bigger component of total risk as the remaining global carbon budget is close to being fully exhausted. However, hope is not lost and there are reasons to feel encouraged: renewables are accelerating at an extraordinary pace, with solar and wind now the cheapest sources of power. In the first half of 2025, renewables generated more electricity globally than coal for the first time, a significant shift in the global energy landscape.

Climate-related risk is the primary systemic risk we have chosen to focus our stewardship efforts on. We believe climate risk presents both a threat to, and an opportunity for, our clients' capital and income. Emerging science, company responses and disruptive technologies should all be considered in any investment strategy. We think achieving meaningful GHG emissions reductions in the most cost-efficient way will require new partnerships to be forged within and between industries. It will also require the adoption of technological advances and a sufficient social cost of carbon to price risk in decisions about consumption and production.

We believe climate risk can't be divested or diversified away. However, given insufficient and uncertain regulation and the absence of a satisfactory price signal, it needs to be managed like other market-wide investment risks.

Climate risk falls in two broad categories: physical (acute or chronic weather related); and transition or disruption (policy, regulatory or legal). A simple exclusion approach may lower a portfolio's carbon footprint but may neither lead to a real-world reduction in anthropogenic carbon emissions nor protect the portfolio from climate related shocks.

We are wary of potential second or third order implications. For example, reducing carbon emissions rapidly (which would be a disorderly transition) may avert some of the effects of climate change. Yet, given society's reliance on oil and gas for products and services, an orderly transition is far preferable, as it would enable economies to function efficiently while meeting our continuing needs and wants.

Our position paper '[Climate strategy and competitive advantage](#)' outlines the transparency and disclosure we would like to see as standard to help assess the ambition, credibility and scope for value creation of companies' climate strategies.

- 1 A full, externally verified, GHG emissions inventory (across Scopes 1, 2 and 3)
- 2 A verified 1.5°C-aligned science-based target, with near-term milestones and a long-term Net Zero ambition
- 3 A coherent decarbonisation strategy (complemented with a marginal abatement cost curve) and congruent capital allocation plan
- 4 And preferably a framework for thinking through adaptation and clear communication on how physical risk might affect the business model

Although this is at company level, we believe the gaps and challenges we observe can guide systemic stewardship. The observations made at company level may serve to guide our actions taken at system level – that is, collaborative letters we choose to support or feedback on consultations which may influence social or public policy and regulation. For example, the widespread adoption of [International Sustainability Standards Board \(ISSB\) S1](#) (sustainability-related risks and opportunities) and [S2](#) (specific climate-related disclosures) standards should help companies and other issuers of financial statements to close the gap in reporting on extra-financial information, which is often inconsistent, incomplete and untimely.

We believe actively managing climate risks and opportunities is the best way to protect and enhance our clients' portfolios. This includes stewardship actions. Since nearly every company has exposure to climate change, ESG factors are integrated into security selection and portfolio construction.

## **HOW WE CONSIDER RISKS RELATED TO HUMAN AND LABOUR RIGHTS (INCLUDING MODERN SLAVERY)**

The United Nations defines human rights as “inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture,

freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.”

The standards and principles codified in the UN International Labour Organization (ILO) Fundamental Principles and Rights at Work, the UN Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles or the UN Global Compact (UNGC) are all widely accepted social norms.

The Universal Declaration of Human Rights is the underpinning of international human rights law. Similarly, labour rights are the domain of the ILO. It promotes standards on workers’ rights, such as the freedom to associate, collective bargaining, equality of opportunity and treatment and the abolition of forced labour.

While these standards and declarations are globally recognised and agreed in the form of treaties, sovereign nations need to formally adopt (or ratify) them if they are to become legally enforceable. Furthermore, domestic law and regulations, systems of governance and enforcement all need to work cohesively to implement effective human and labour rights.

From a systemic perspective, we see respecting social norms as part of good business practice. That said, we believe that, collaboratively and individually, we have little to no influence over these social norms. Instead, we focus on how companies respect their stakeholders and access, use and enhance their human capital.

The risks and opportunities in this area take many different forms, including forced or child labour, modern slavery, indigenous relationships (**free, prior and information consent**), fair pay and living wage and equal opportunity. We seek to identify and assess these risks and opportunities in our fundamental due diligence, in the context of financial materiality, which may be linked to reputation or legal implications.

Ruffer does not tolerate **modern slavery and human trafficking**, in any form, in its supply chain or its business activities. However, we cannot be certain our extended supply chain (including that of portfolio companies and other securities we hold) is free of modern slavery.

Ruffer’s due diligence process on human and labour rights relies upon MSCI ESG Research, which screens companies against various global norms. We also review company reporting and the reports of non-governmental organisations (NGOs) and other media.

Human and labour rights are often a grey area, given the challenges of globalisation, complex supply chains, international law and product sourcing. We also assess companies’ code of conduct and modern slavery statements, audit processes, the risk of bad actors and potentially the opinion of a slighted party or self-interest group. If an issue is raised by MSCI or other sources, we will try to discuss it with the company or reporting entity, where possible. We seek to gain clarity on the issue

raised and signal that Ruffer prefers companies to respect social norms (or equivalent) across their supply chains and operations.

## **HOW WE CONSIDER RISKS RELATED TO HUMAN CAPITAL (INCLUDING WORKPLACE SAFETY, MENTAL HEALTH, DIVERSITY, EQUITY AND INCLUSION)**

We consider human capital a systemic risk because of its relation to and extension of social norms and the critical difference human capital can make to business success. Where social norms form the foundation, we argue that human capital (management) is what enables businesses to create or preserve shareholder value. Human capital management is one aspect of a company's overall culture, which we expect to change over time depending on strategy, competitive position, growth stage and leadership.

The nature of work is expanding from picks and shovels, where safety culture is critical, to clicks and bytes, where managing and adapting to workplace stress, anxiety and depression is key. In our view, the concept of a just transition, typically applied in the context of energy, is equally relevant to the fourth industrial revolution, as human roles and functions are enhanced, changed or replaced through automation and robotics.

**Recent research** examining whether analyst coverage influences workplace safety finds that firms followed by a larger number of analysts experience lower rates of work related injuries. Greater analyst attention is associated with the adoption of safety linked CEO compensation clauses, stronger workplace safety culture ratings, higher safety related capital investment and more frequent management discussion of safety issues during earnings calls. The study also highlights the substantial economic burden of safety failures in the US. More than 3.5 million workplace injuries occur annually, with estimated costs of roughly \$250 billion in lost productivity and related consequences. The study proposes the monitoring hypothesis: analysts can discipline management and reduce self serving behaviour, thereby encouraging stronger safety practices. This suggests that sustained monitoring of portfolio companies, holding key stakeholders accountable for safety performance and advocating best in class standards may contribute meaningfully to improved safety outcomes across the firms we invest in.

The advent of artificial intelligence (AI) brings increased demand for energy, as do our built environment and the need to power machinery to satisfy market demand for raw materials. So the supply of metals, minerals and fossil fuels is likely to rise in aggregate before eventually declining. These resources tend to be in emerging or developing markets, where government and regulatory oversight and enforcement of standards may lag those of developed countries. So we believe workplace safety – a work environment free of injuries and fatalities – remains a key component of human capital management.

In many jurisdictions, it is unlawful to discriminate on the basis of a number of protected attributes, including age, disability, race, sex, intersex status, gender identity and sexual

orientation in certain areas of public life such as education and employment. Putting the law aside, equal opportunity is a foundation of the modern workplace. Diversity, equity and inclusion should not be reduced to a binary, simplistic target. However, it should remain in some guise within corporations' human capital management. That is, a clear policy of the best (available) person for the role should prevail, where the process to identify that person is free of conscious or unconscious bias, where the culture of the organisation is taken into account and where businesses are willing to disclose – provided their people have granted permission – their efforts to deliver accessibility and engagement, which contribute to value creation.

We are mapping the human capital system, including a review of ongoing collaborative initiatives and the institutions and entities that shape this landscape. We are also mindful of emerging frameworks such as the Taskforce on Inequality and Social-related Financial Disclosures (TISFD). This aims to address social inequities in financial markets by developing a global framework for companies and financial institutions to disclose, within their public reporting, more effective information on impacts, dependencies, risks and opportunities related to social issues, including inequality.

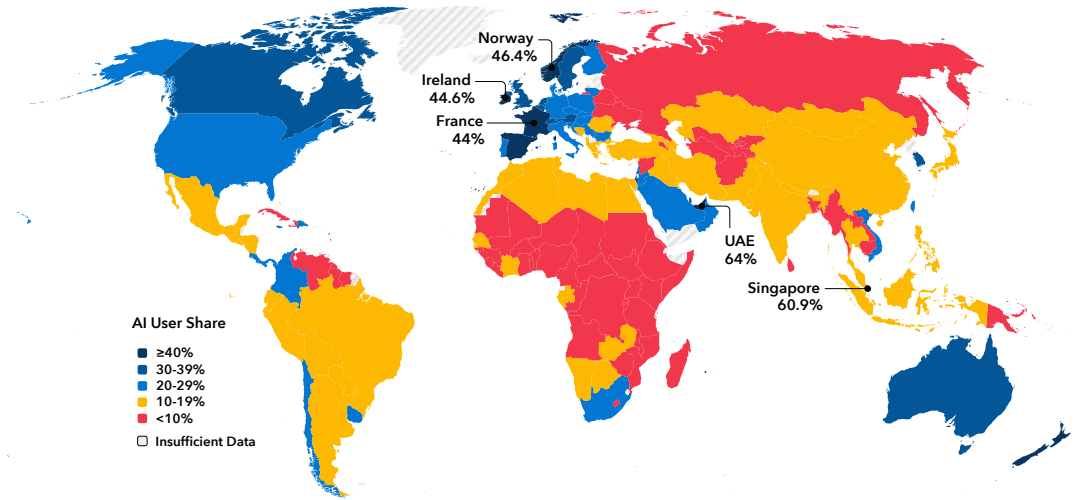
Although businesses and financial institutions fundamentally depend on people, social inequality has not always been recognised as a business risk. There is, however, a growing recognition of the threat that widening wealth disparities pose to society, supply chain resilience, talent management and long-term sustainability objectives. The TISFD highlights that respecting people's rights, advancing their wellbeing and reducing inequalities can unlock human potential and create opportunities for value generation through improved talent retention, enhanced creativity, innovation and productivity. Conversely, adverse impacts on people and rising inequalities can generate material operational, reputational and legal risks, including loss of talent, loss of licence to operate and litigation exposure, all of which carry financial consequences through reduced productivity, operational disruption, legal costs or lost revenues.

Recognising this, our aim is to determine which stewardship activities we should undertake – beyond the fundamental research, engagement and voting already embedded in our process – to address these systemic risks and opportunities. As we continue to develop our approach, we will seek to strengthen our diligence processes with a particular focus on access to, use of and investment in human capital.

## HOW WE CONSIDER RISKS RELATED TO TECHNOLOGY (INCLUDING AI GOVERNANCE AND CYBERSECURITY)

Figure 2 AI diffusion

AI Diffusion by Economy H2 2025



Source: [Microsoft AI Diffusion Report 2025 H2](#). Percentage of population who have used a generative AI product in the reported period

AI governance is one of the most significant and fastest evolving strategic challenges facing companies and their boards. AI governance refers to the framework of rules, policies, controls and ethical principles designed to ensure AI systems are developed and deployed to be safe, transparent, accountable and free from undue bias. Core elements of this framework include ethical AI principles, compliance with emerging regulatory regimes (such as the EU AI Act), robust data governance, cybersecurity safeguards and appropriate human oversight of automated systems.

As with most other forms of technology, the primary risk does not stem from AI itself but from how organisations and individuals choose to design, implement and rely upon it. Weak AI governance can exacerbate operational vulnerabilities, including system outages, data integrity failures and heightened exposure to cyber threats, particularly where AI tools are embedded in critical business processes or rely on complex third party technology providers. We are alert to systemic risks such as third party dependencies, model hallucinations and misinformation, data security and privacy breaches and the potential for excessive trust in or over-reliance on AI in critical decision-making, all of which may undermine operational resilience and business continuity.

To identify and assess AI risks, we use company disclosures including annual reports (notably the risk factors section), alongside responsible AI reports and proxy statements. We also draw on insights from MSCI ESG controversies and governance reports to supplement our evaluation. Where AI is a material risk for a company, we expect to see adequate AI expertise represented at the board level. We consider robust AI governance an important enabler of operational resilience and effective cyber risk management. Strong controls help mitigate risks including algorithmic bias, misuse of AI systems and cyber-enabled attacks, while supporting regulatory compliance and protecting sensitive data. When implemented effectively, these controls can also foster responsible innovation, enhance productivity and build trust among customers, employees and other stakeholders.

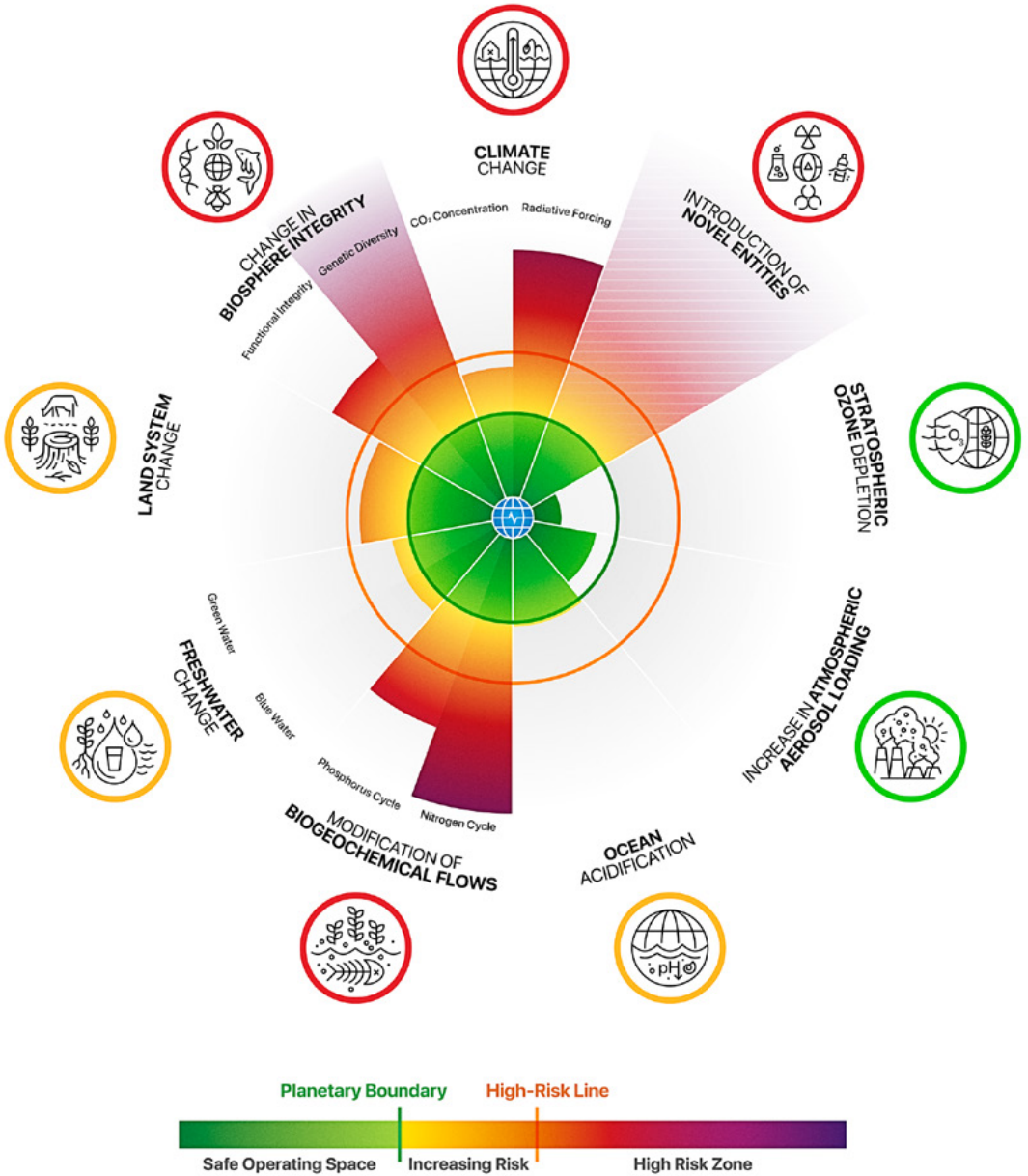
Where relevant and appropriate, we may use voting, engagement and escalation to promote alignment with emerging best practice, regulatory expectations and industry standards, to strengthen long-term resilience and sustainable value creation.

### **HOW WE CONSIDER RISKS RELATED TO NATURE AND BIODIVERSITY**

Nature and biodiversity are, in aggregate, **threatened or in decline**, and this is not independent of climate change and global warming. However, the analysis is difficult, due to lengthy supply chains and fragmented suppliers, opaque legal structures, the interplay between public and private investors and sovereign actors, demand for raw materials and challenges in collecting accurate and relevant data points.

We see this as a market or systemic risk, similar to climate change. Planetary boundaries define nine scientifically identified, interconnected Earth-system processes – such as climate change, biodiversity loss and freshwater use – that regulate the stability of the planet. We contend the market has neither priced in the risk of passing tipping points or crossing planetary boundaries related to biosphere integrity, land-system change or freshwater usage nor adequately accounted for the value of dependencies and impacts on natural capital and ecosystem services, at the macro or micro scale. Per the **Dasgupta review**, addressing this challenge would require system-level responses, such as placing a market value on nature and creating a regulatory framework that protects and restores natural ecosystems.

Figure 3 Planetary Boundaries (PBs) diagram



Arguably, the [Kunming-Montreal Global Biodiversity Framework \(GBF\)](#) is the market response to the systemic risk posed by collapse of nature and biodiversity. The GBF aims to address biodiversity loss, restore ecosystems and protect indigenous rights through four overarching goals to protect nature.

- 1 Halting human-induced extinction of threatened species and reducing the rate of extinction of all species tenfold by 2050
- 2 Sustainable use and management of biodiversity to ensure nature's contributions to people are valued, maintained and enhanced
- 3 Fair sharing of the benefits from the use of genetic resources
- 4 Ensure that all countries, especially developing nations, have fair access to the funding, capacity building, technology and cooperation needed to implement the GBF, close the \$700 billion annual biodiversity finance gap and align global financial flows with its 2050 vision

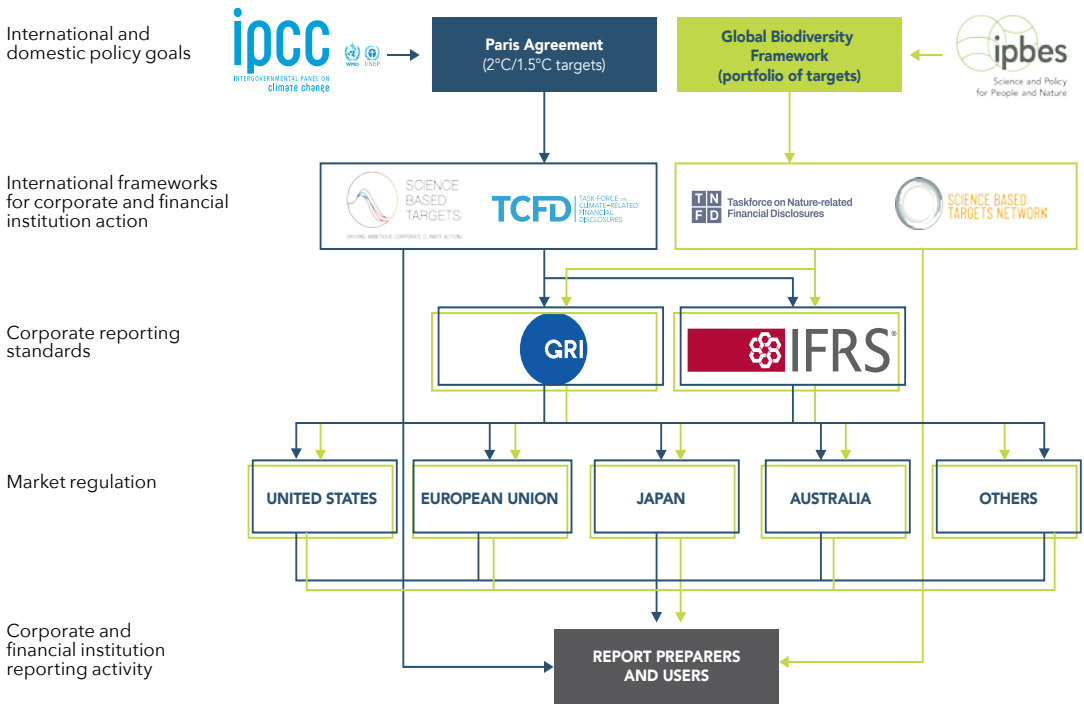
The Taskforce on Nature-related Financial Disclosures (TNFD) framework has developed a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities. Like the TCFD, it seeks to embed a common framework that allows companies to disclose their governance, strategy, risk management and metrics and targets (using the locate, evaluate, assess, prepare model), giving investors comparable information to help them assess nature-related risks (and opportunities). We contend nature and biodiversity reporting is more complicated than GHG emissions disclosure, and standards are evolving. Both companies and investors are learning and evolving best practices. TNFD reporting is on our radar, but we have not committed to preparing a TNFD report.

Throughout 2025, Ruffer continued to engage upon nature and biodiversity in our equity research (wherever relevant) and reviewed the data points related to biodiversity and nature available through MSCI ESG Research. We continue to assess the value we can add to our clients and investors and the resources we can commit to this area. We consider biodiversity and nature risks as part of our fundamental ESG due diligence process and have advanced our thinking on the transparency and disclosure we would like to see including–

- 1 A clear objective or target relating to nature and biodiversity, such as nature positive or no net loss (with clear definitions)
- 2 Disclosure of impacts and dependencies on nature and biodiversity, highlighting uncertainties (both upstream and downstream) in qualitative or quantitative terms
- 3 Asset specific information, including geospatial data (location, ecological type, adjacent to endangered species or habitats) and supply-chain (subject to operational or financial boundaries)
- 4 Strategies, plans and performance to protect and restore nature
- 5 Clear, timely and verified reporting of nature and biodiversity-related data and metrics, aligned with TNFD recommendations or the 15 essential environmental impact variables (EEIVs) described by the Stockholm Resilience Centre.

In 2026 and onwards, we will seek to determine if and how we translate our company-level stewardship activities into system-wide stewardship.

### WHERE TNFD FITS IN THE EMERGING REPORTING ARCHITECTURE



During 2025, Ruffer added its voice to the following letters and initiatives seeking to address climate-related systemic risks.

### 1 Letter demanding climate plan to ensure economic resilience

Called for improved shareholder dialogue and joining forces with companies in accelerating the environmental transition. The letter emphasised the importance of rigorous and transparent climate transition plans alongside the value of regular dialogue with stakeholders in the development and implementation of these transition plans. Finally, the letter also called on public authorities to play their role in developing legal frameworks aimed at generalising Say on Climate disclosures.

### 2 Investor joint statement on potential omnibus legislation

The EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) are cornerstones of the EU's sustainability policy architecture. Together, they help investors to manage risks, identify opportunities and ultimately reorient capital towards a more competitive, equitable and prosperous Net Zero economy. The letter called on the European Commission to preserve the integrity and ambition of the EU's sustainable finance framework, in view of the current discussions on an 'omnibus legislation' to amend key regulations.

### 3 Investor statement on chemicals and biodiversity companies

Called on chemical companies to align their business strategies and political engagement activities with the GBF and the UN's [Global Framework on Chemicals](#), to strengthen their biodiversity-related disclosures and to develop a robust biodiversity strategy that will lead to the phase out of highly hazardous chemicals and the transition to alternatives which are safer for biodiversity and human health.

### 4 Investor statement on chemicals and biodiversity policy

Asked governments to reflect this global ambition into policies on hazardous and highly hazardous chemicals. We particularly welcomed governments worldwide implementing regulations focused on the systematic avoidance of chemical hazards as a principle, halting the release of untested and unmonitored chemicals into the environment, and strengthening the quality of impact assessments and the capacity to support regulatory monitoring at the necessary speed.

### 5 Investor letter to uphold the EU Methane Regulation

Called on the European Commission, European Parliament and EU member states to maintain and swiftly implement the EU Methane Regulation (EU MER) as adopted. The letter warned that backtracking would undermine regulatory certainty and market stability, while slowing progress on methane reduction.

### 6 CDP non-disclosure campaign

Highlighted companies that do not disclose environmental, climate or sustainability data and urged them to increase transparency by reporting their climate and environmental impacts in a standardised manner via CDP.

Further details of our activities to promote well-functioning markets are presented in the following case studies.

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**CASE STUDY: FMC**  
**INDUSTRY: AGRICULTURAL SCIENCES**

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**Themes**

Environment - transition to Net Zero; Social - employee compensation and benefits; Strategy - reporting (audit, accounting sustainability reporting); Governance - executive remuneration

**Objective**

Encourage the incorporation of economic profit as a KPI within its long-term incentive plans (LTIPs) as a way of considering the cost of capital.

Query the human capital demands of identified emissions abatement levers and the potential to address FMC's valuation gap through a human capital management lens.

Push for enhanced disclosure on human capital.

**Portfolio action**

Position sold (in basket rebalance)

**CONTEXT**

FMC is an agricultural science company specialising in the research, development and marketing of crop protection technologies. Ruffer invested in FMC as part of a systematic equity basket targeting free cash flow yield. We later sold the position in a basket rebalance, because its ranking on key fundamental criteria had declined.

Our initial engagement covered pay relative to economic profit, human capital investment and the tracking of related disclosures. We also took the opportunity to discuss FMC's approach to measuring and encouraging employee engagement. After the sale of our position, we held a follow-up meeting with FMC to further examine the company's human capital management approach and review its recently published sustainability report.

Importantly, the sale of a position does not necessarily bring stewardship efforts to an immediate end; engagement on issues such as enhanced disclosures can deliver benefits that extend beyond a single company and contribute to stronger, more transparent markets by increasing the availability of useful information.

## OUTCOME

We engaged with FMC twice during Q2. In our initial meeting, we focused on the company's approach to measuring and promoting employee engagement, and we encouraged FMC to incorporate an economic profit KPI into its LTIP to ensure cost of capital is considered alongside return on capital. FMC said it is evaluating a range of potential metrics but is cautious about making frequent changes to the LTIP, having already revised the formula in the previous year. Nevertheless, the company recognised the potential benefits of including an economic profit measure and indicated it would be open to further discussion before its 2026 AGM.

As we pushed for enhanced human capital and R&D disclosures, alongside reasonable assurances on sustainability data, we were pleased to hear that FMC has a strong governance framework for its R&D spend, with clear decision-making processes and accounting by using revenue to fund research. We probed the extent of investment in moonshots (ambitious long-term innovation projects with uncertain outcomes). FMC said a recent update to its R&D framework introduced earlier-stage assessments to identify projects unlikely to succeed, helping limit unnecessary expenditure.

Recognising the importance of talent development for a business like FMC, we requested greater transparency on staff training investment to help assess the return on such spending. FMC said it would not disclose its dollar investment in training, due to sensitivity concerns, and that the skills needed in different

areas of the business vary greatly. However, the company said its in-house doctorate-level industrial and organisational psychologists conduct correlation analyses and in-depth evaluations, drawing on employee engagement survey results and data on staff training investment to measure the effectiveness of company initiatives.

We also discussed the assurance of FMC's sustainability reporting. While the current report receives limited assurance from KPMG, the company is considering obtaining **reasonable assurance**. For investors assessing long-term value, the credibility of FMC's extra-financial data is as important as the metrics themselves. We told them we were keen to see robust, externally verified sustainability and emissions-related data, especially when linked to remuneration.

Our follow-up meeting provided an opportunity to further explore the company's broader human capital management practices and review its newly published sustainability report. We raised concerns about the recent increase in voluntary employee turnover and the shift in how this data is presented from a regional breakdown to a single aggregated figure. These changes prompted concerns about transparency and obscured the underlying drivers of workforce dynamics. FMC noted the uptick in turnover was intentional and aligned with efforts to reshape the organisation in line with its strategic priorities. The move to aggregated reporting, it said, was driven by competitive considerations after its recent restructuring.

## NEXT STEPS

While our formal engagement enters a pause phase, we are monitoring FMC for enhanced transparency, specifically quantitative disclosures linking compensation and emissions reduction goals.

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## CASE STUDY: JOINT INVESTOR STATEMENT ON EU METHANE REGULATION

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### Themes

Environment - transition to Net Zero; Strategy - reporting (audit, accounting sustainability reporting)

### Type of engagement

Collaborative - IIGCC

### Objective

Urge the European Commission, European Parliament and all member states to maintain and implement the regulation as adopted, including its timeline and core provisions.

### CONTEXT

The EU Methane Regulation (MER) is a landmark policy that came into force in August 2024. It requires energy companies and fossil fuel importers to monitor, report and reduce methane emissions across their operations and supply chains, aiming to cut climate-impacting methane in line with EU climate goals.

The EU MER sets out sensible objectives and a phased implementation timeline, giving investors valuable regulatory certainty. Reopening the regulation, whether through an omnibus process or another mechanism with unclear timing and scope, would create unnecessary unpredictability and risk undermining the efforts of companies and investors already working towards compliance. At this stage, what is most needed is consistency and clarity.

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## OUTCOME

Ruffer was one of 44 leading institutional investors – representing more than €4.5 trillion in assets under management (AUM) – to sign a letter urging the European Commission, the European Parliament and EU member states to maintain and swiftly implement the EU MER. The statement highlights that any reversal would weaken regulatory certainty, disrupt market stability and slow progress on methane reduction.

The EU MER aligns with broader ESG priorities by supporting emissions reduction, regulatory clarity and stronger risk management. Methane performance is increasingly recognised as an indicator of management quality, process safety and operational excellence, all factors closely tied to long-term shareholder value.

However, companies have raised concerns about the administrative burden of monitoring, reporting and verifying methane emissions, particularly for imported fossil fuels. They also point to gaps in implementation guidance, and some argue that the regulation could influence market dynamics, with implications for competitiveness and energy security.

We signed the letter to encourage EU policymakers to avoid reopening the regulation, to ensure consistent and timely implementation across member states and to apply robust standards for third country equivalency. These steps will provide predictability for businesses, protect market stability and reinforce the EU's leadership on methane reduction.

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## NEXT STEPS

Following our support for the investor letter, our focus will shift to monitoring how EU institutions progress with implementation of the EU MER. We will continue to encourage companies to provide quality disclosure on GHG emissions performance through our ongoing stewardship and investment analysis, particularly for firms with material exposure to fossil fuel value chains. Where gaps in preparedness or transparency persist, we may seek to raise these directly with management teams.

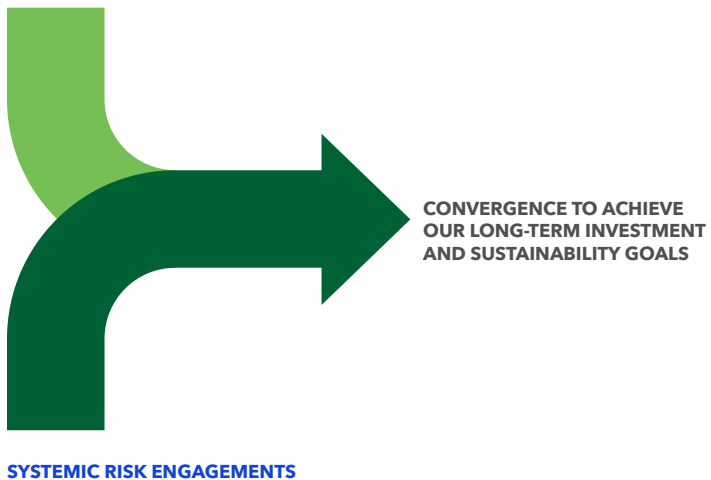
**PRINCIPLE 3** Signatories engage to maintain or enhance the value of assets.

We believe engagement is an effective tool for achieving lasting and meaningful change and a key component of stewardship. It may result in superior outcomes and returns for our clients and may create benefits for stakeholders, the environment and society.

The Investor Forum defines engagement as an active dialogue with a specific and targeted objective. We use engagement to put our stewardship role into effect. The underlying aim of engagement should always be to preserve and enhance the value of assets on behalf of clients and other beneficiaries. Our engagement framework considers active dialogue to be any form of communication, whether spoken, written, digital or otherwise. We believe a specific and targeted objective can be aimed at either driving change or eliciting information – both may yield insights which contribute to a buy, hold or sell decision.

**SYSTEMATIC ENGAGEMENTS**

**IDIOSYNCRATIC ENGAGEMENTS**



As illustrated above, achieving our long-term investment and sustainability ambitions requires two complementary engagement pathways: systematic engagements and idiosyncratic engagements, each serving distinct but mutually reinforcing purposes. They are overlaid by a third, cross-cutting dimension focused on addressing systemic risks.

Systematic engagements apply a structured process to identify gaps in extra-financial disclosure and areas of underperformance in economic profit. Our proprietary quantitative model, RUPI, assesses resource usage, productivity and environmental impact. These insights are integrated into the screening process for our equity

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strategy baskets, ensuring that sustainability considerations are embedded consistently across portfolios.

Idiosyncratic engagements focus on large holdings, high emitting companies, longer-term investments and situations where a bottom up perspective is most effective. These engagements may involve targeted one to one discussions with company management or participation in collaborative initiatives alongside other investors.

Our stewardship approach also addresses systemic risks. This includes engagement with regulators, government bodies, industry associations and multi stakeholder initiatives to promote market wide improvements. Activities include signing letters to regulatory authorities and contributing to initiatives such as those led by the IIGCC on climate change, as well as supporting the ISSB's efforts to establish a consistent global baseline for sustainability related financial disclosures.

Depending on the circumstances, we may engage either independently as the Responsible Investment team or jointly with the Investment team. The latter is particularly valuable, as it strengthens ESG awareness and supports deeper integration across the investment process.

Our aim is to conduct detailed, well informed engagements on issues we consider material, enabling us to build constructive relationships, share perspectives, communicate the need for potential change and contribute to value creation for both companies and our clients' portfolios. Regular engagement helps us establish trust with investee companies, provide informed guidance and shape our voting decisions.

We may engage through collaborative initiatives with other investors who may have similar concerns. Our approach to engagement reflects both our specific investment objectives and approach and the resources we can dedicate to these matters. As we have a single, global investment strategy, we apply our approach to engagement consistently across regions.

Ruffer's resources for each engagement will be managed according to the circumstances and potential impact of each case. How far we may expect to effect change will depend on the specific situation. While it is practical to consider the significance of our holdings in terms of issued share capital or as a percentage of our AUM, engagement or escalation is not restricted to our major holdings.

Most of our engagements take place through direct communication between Ruffer and investor relations teams, sustainability teams, company management or non-executive directors. In some cases, this complements collaborative engagement. We may also occasionally write letters to company management or board members and attend AGMs. Other methods can be used to progress engagement, especially when considering complex issues such as climate change where companies need to build partnerships both within and across industries.

Every month, we prioritise our company engagement targets – that is, determining those portfolio companies we seek to meet with. We prioritise by contribution to portfolio financed emissions, incomplete extra-financial data and metrics reporting (for example, gaps in GRI disclosure), climate disclosure specifically, MSCI ESG scores and controversies. Across all engagement types, we aim to close identified gaps or gain deeper insight into practices that may influence long-term shareholder value creation.

In 2022, we developed a formal engagement tracker tool to record our engagement activities. This tool is a supplement to detailed notes recorded as part of each engagement. It enables our Investment and RI team members to quickly log their ESG-related engagement activities. In 2023, we considered ways of establishing and measuring the outcomes of these activities. In 2024, we further refined the engagement tracker tool, including adding automated reporting features to improve the efficacy and accuracy of engagement statistics. During 2025, we enhanced our engagement tracker to allow us to document engagements with companies we may not hold. This was particularly important in cases of elevated stock turnover, such as within our baskets, and forms part of our broader engagement efforts. As we seek to support systems change, engagement does not necessarily cease immediately upon the sale of a stock. We also designed and deliberated proposals for new tools to further strengthen integration.

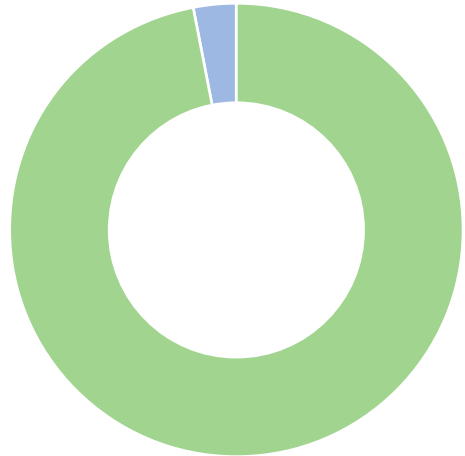
While we endeavour to report on our engagement activities, in some situations it is not appropriate, as discussions may be ongoing or we consider the engagement confidential.

# Engagement summary

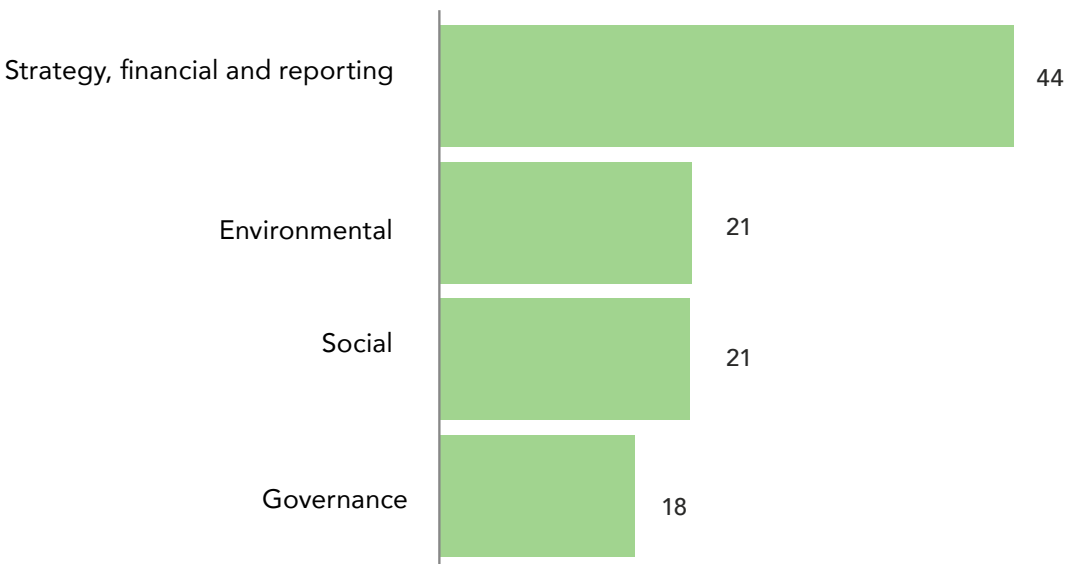
Ruffer believes investor engagement is an effective tool to achieve meaningful change, and we are committed to engaging on a wide range of topics with companies in which our clients' assets are invested. In this section, we highlight significant and prevalent themes, regions and types of engagement.

## ENGAGEMENTS

	%
● Collaborative	1.8
● Independent	98.2

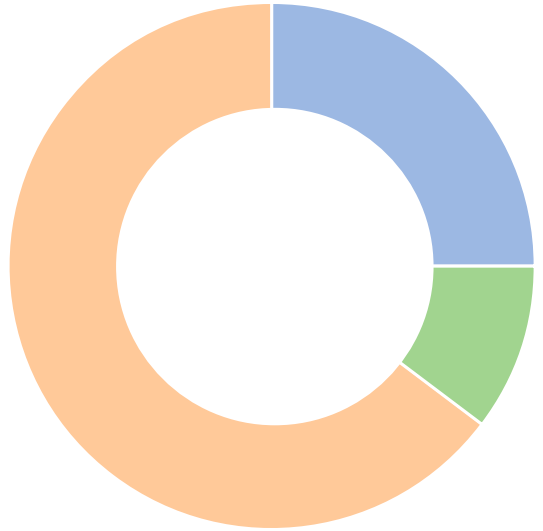


## NUMBER OF ENGAGEMENTS BY THEME



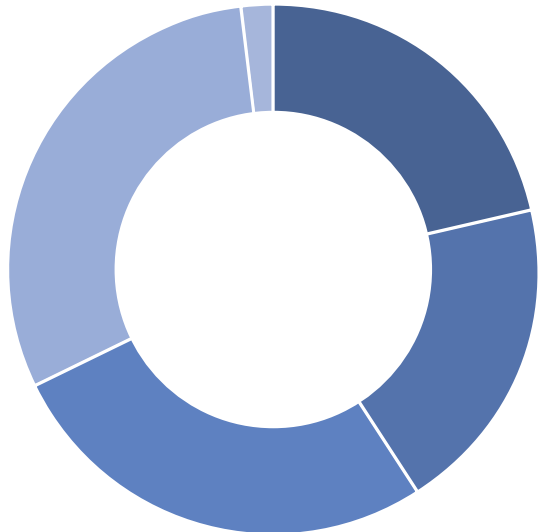
PURPOSE OF ENGAGEMENT

	%
To gather information	25.0
To push for change	10.7
Other	64.3



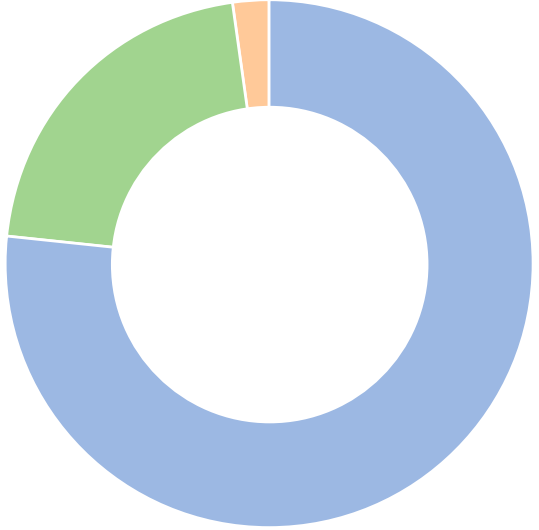
ENGAGEMENTS BY REGION

	%
Europe	21.4
UK	19.6
North America	26.8
Japan	30.4
Rest of world	1.8

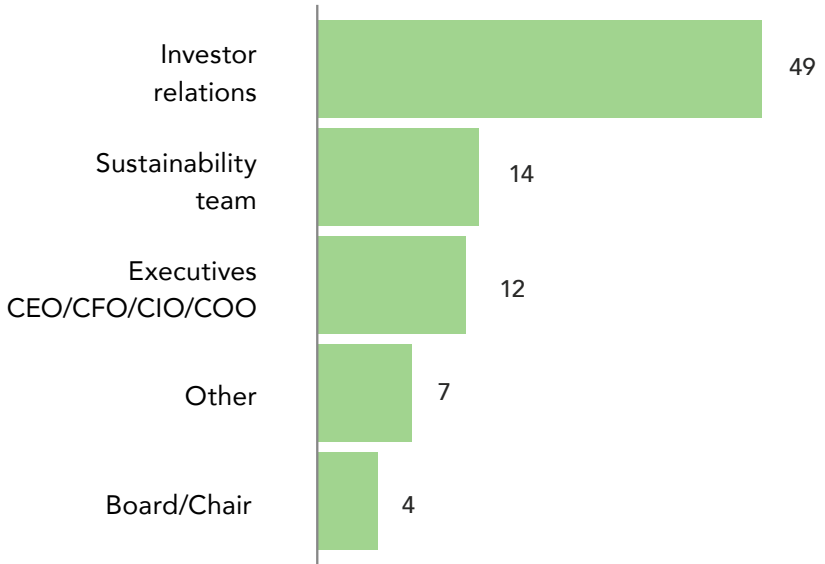


ENGAGEMENT INITIATOR

	%
Ruffer	76.8
Company	21.4
Other*	1.8



COMPANY ATTENDEES (56 ENGAGEMENTS IN 2025)



Totals may not equal 100 due to rounding

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**CASE STUDY: RYANAIR**  
**INDUSTRY: AVIATION**

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**Themes**

Environment - transition to Net Zero; Social - company conduct, culture and ethics, lobbying

**Type of engagement**

Independent

**Objective**

Probe Ryanair's progress on sustainable aviation fuel (SAF) production and development.

Query how the company monitors employee engagement, given it does not conduct general surveys.

Understand how Ryanair is engaging on policies regarding SAF usage requirements and the EU Emissions Trading Scheme (ETS).

**Portfolio action**

Remain invested

**CONTEXT**

Ryanair is a low-cost airline headquartered in Dublin. It operates an extensive network of short-haul flights across Europe, focusing on offering low fares through a cost-efficient, no-frills business model.

Our initial engagement in 2025 was at Ryanair's shareholder forum, where we received presentations from across the business, including sustainability, safety, customer operations and information security (noting that the company was in a closed period). During this forum, we engaged with Ryanair on its approach to SAF, including the implications of UK and EU blending mandates. Our subsequent engagement consisted of a one-to-one meeting with Ryanair, which focused on SAF, employee engagement and policy engagement.

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**OUTCOME**

During its shareholder forum, Ryanair outlined its perspective on SAF, highlighting uncertainty over whether the EU's 6% SAF blending mandate will be achievable by 2030, due to insufficient supply. The company emphasised its investment in research and development, including collaboration with Trinity College Dublin to expand SAF feedstock availability, as well as its significant investment in more fuel-efficient aircraft as a strategic hedge against SAF availability risks and regulatory tightening.

Ryanair also provided insight into employee engagement practices, including the use of internal platforms that allow employees to provide direct feedback and access operational information. When we probed further, Ryanair said engagement data from these platforms is not currently used for broader workforce metrics or external disclosure, but the systems were presented as tools to support operational efficiency and internal communication.

Our follow-up one-to-one meeting focused on SAF, employee engagement and policy engagement. At the Ryanair shareholder forum, engagement focused on how fleet strategy and regulatory preparedness support the maintenance and enhancement of asset value. Ryanair outlined that continued investment in more fuel-efficient aircraft – including the Boeing Gamechanger and MAX-10 – is intended to protect the long-term efficiency and competitiveness of its fleet in anticipation of stricter EU SAF mandates and limited SAF supply. We challenged management on whether Boeing delivery delays could increase exposure to SAF compliance costs by slowing fleet modernisation. Ryanair confirmed it has not revised its SBTi targets, as it expects remaining deliveries before the end of 2026, and remains confident that MAX-10 certification will be achieved (or Boeing will provide an alternative), thereby limiting the risk of asset obsolescence.

The engagement also highlighted how Ryanair is supporting future asset value through investment in innovation. Its partnership with Trinity College Dublin's Sustainable Aviation Research Centre was discussed as a means of

accelerating SAF development and reducing long-term fuel and compliance risks. While formal KPIs are not in place, Ryanair conducts semi-annual reviews of research plans and contributes flight data to strengthen outcomes. The Centre's role in SAF pre-screening through the EU SAF Clearing House helps lower barriers for new SAF producers, which could improve future fuel availability.

Finally, discussions on human capital management and policy engagement demonstrated how Ryanair seeks to protect the productivity and performance of its operating assets. Customer satisfaction is monitored as a corporate KPI, while employee engagement is supported through an internal app, enabling continuous feedback and operational responsiveness. From a policy perspective, Ryanair raised concerns regarding perceived inequities within the EU ETS (particularly in comparison with non-EU carriers) and outlined its engagement with policymakers on SAF and ETS reform, aiming to mitigate uneven regulatory impacts. Together, these actions support operational resilience, cost control and the long-term value of Ryanair's physical and human assets.

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## NEXT STEPS

Overall, Ryanair demonstrated a willingness to engage constructively and has provided robust disclosures under the CSRD. We will continue to monitor developments in SAF supply, regulatory frameworks and fleet strategy, given their importance to managing transition risk and protecting long-term shareholder value.

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**CASE STUDY: NEWMONT**  
**INDUSTRY: METALS AND MINING**

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**Themes**

Environment - carbon/GHG emissions, climate target setting; Social - employee health and safety; Strategy - reporting (audit, accounting, sustainability reporting)

**Type of engagement**

Independent

**Objective**

Understand Newmont's progress towards setting new targets after its acquisition of Newcrest; assess how it views MACCs and encourage the company to publish one.

Probe how Newmont is resolving recurring issues on health and safety and changes in supplier engagement targets.

Question when Newmont will move from limited to reasonable assurance over its data and ascertain the company's preparedness for regulatory changes in reporting requirements.

**Portfolio action**

Remain invested

**CONTEXT**

Gold has been one of the strongest investment themes in 2025, with higher bullion prices driving significant gains in gold mining equities. Ruffer holds an investment in Newmont, the world's largest gold producer. In our engagement with Newmont, we discussed its approach to climate strategy, health and safety, and disclosure practices. The engagement also covered how Newmont's 2023 acquisition of Newcrest has influenced its sustainability reporting and progress towards its climate targets.

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## OUTCOME

We engaged with Newmont to understand how the company's climate strategy is evolving after the Newcrest acquisition and to encourage greater transparency on its transition planning. Newmont reaffirmed its 2030 and 2050 climate targets and has begun integrating emissions data from the combined portfolio, with a fuller update expected in 2026. We discussed the value of publishing a MACC to help investors assess the cost effectiveness of its transition pathway. While Newmont currently prioritises energy security, regulatory alignment and shadow carbon pricing over formal MACCs, it continues to pursue initiatives such as fleet electrification and power purchase agreements.

We also pressed for enhanced Scope 3 disclosure. Newmont outlined its ongoing efforts to improve data quality through supplier engagement and environmental product declarations, though it noted challenges in switching suppliers, and

confirmed that full public disclosure of Scope 3 forecasts is imminent. The company noted it maintains an internal view of Scope 3 emissions and incorporates shadow carbon pricing into project analysis to support lower carbon investment decisions.

On data assurance, we encouraged a move from limited to reasonable assurance, which would provide greater confidence in the reliability of sustainability metrics. Although Newmont conducts extensive site reviews, it does not intend to increase assurance levels in the near term. We also explored how the company is addressing recurring health and safety issues and strengthening supplier oversight. Newmont outlined improvements to its fatality risk management system, the inclusion of both leading and lagging safety metrics into incentive plans and ongoing reforms to contractor management, particularly in areas inherited from Newcrest.

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## NEXT STEPS

While we recognise Newmont as an industry leader in reporting and transparency, we further engaged with the company via email to clarify its perspective on aligning financial KPIs with sustainability targets and to call for enhanced disclosure on its decarbonisation projects.

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## WHEN DO WE DECIDE TO PURSUE COLLABORATIVE ENGAGEMENT?

We may collaborate with other investors who share our concerns on issues such as climate change, where our thinking and approach may align or where the initiative aligns with our individual goals. This assumes we have sufficient resources to commit to the initiative or further our stewardship objectives and we think it may add value to our clients and investors.

In some instances, we believe collaboration with other investors may be the most productive way to engage. This could be when other investors share our concerns or independent engagement has not produced the outcome we seek. 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 following are examples of our collaborative engagements in 2025.

### CDP

We believe in the power of collaborative engagement and are part of two campaigns run by CDP. First, the CDP Science-Based Targets (SBT) Campaign which was designed to encourage companies to set science-based targets to reach Net Zero. Our signature is added to a letter sent by CDP, and we trust that being involved in this initiative will bolster our collaborative engagement efforts.

We are also involved in the CDP Non-Disclosure Campaign (NDC), through which we have collaborated to encourage transparency by engaging with companies that have failed to respond to requests to disclose through CDP's climate change, forests or water security questionnaires. As supporters of this campaign and signatories to CDP, we co-signed letters to several companies pushing for greater disclosure.

### INSTITUTIONAL INVESTOR GROUP ON CLIMATE CHANGE

As a member of the IIGCC, we have actively engaged with its Climate Action 100+ initiative. Launched by IIGCC along with four other network partners in 2017, Climate Action 100+ is now the world's largest investor engagement initiative on climate change, encouraging top carbon emitters to promote Net Zero. We are co-lead investors for ArcelorMittal.

Details on our collaborative engagements may be found in the following case studies.

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## **CASE STUDY: CDP NON-DISCLOSURE CAMPAIGN**

### **INDUSTRY: VARIOUS (OVER 1,300 COMPANIES TARGETED)**

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#### **Themes**

Strategy - reporting (audit, accounting, sustainability reporting)

#### **Type of engagement**

Collaborative - Non-Disclosure Campaign

#### **Objective**

Encourage companies to respond to CDP's climate change questionnaire through the CDP reporting platform.

#### **CONTEXT**

For the past five years, we have participated in the CDP Non-Disclosure Campaign. In 2025, we were among 223 capital markets signatories supporting the campaign, calling upon corporates to disclose through CDP.

CDP is a platform and database of standardised environmental data investors can use to evaluate and benchmark performance. While the reporting quality of environmental data is undoubtedly improving in listed markets (boosted by legislation such as CSRD and CSDDD), it remains difficult to compare one company with another based solely on information provided in company sustainability reports, because of different metrics and methodologies. CDP, in contrast, asks all companies the same core set of questions, to extract environmental data investors can use. The questionnaire is also aligned with TCFD, ISSB and other reporting standards.

Analysis of the results from previous NDC campaigns has shown companies are more than twice as likely to respond if they are engaged directly through the campaign.

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## OUTCOME

In 2025, 919 companies were targeted on climate, 711 on water (a 54% increase from 2024) and 307 on forests. Companies across a broad range of high-impact sectors have been engaged globally, with the highest number in North America (429), followed by Asia Pacific (396) and Europe (339).

As environmental risk is increasingly acknowledged as a material financial risk, growing pressure from investors, policymakers and consumers is driving companies to strengthen accountability for their impacts and to integrate environmental considerations into their strategic decision making.

## NEXT STEPS

We look forward to seeing companies' submissions to the CDP and the resulting scores and then incorporating them into our company analysis.

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## **CASE STUDY: ARCELORMITTAL**

### **INDUSTRY: METALS AND MINING**

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#### **Themes**

Social – employee health and safety; Strategy – reporting (audit, accounting, sustainability reporting); Strategy – corporate strategy/capital allocation; Governance – board structure and independence/effectiveness

#### **Type of engagement**

Collaborative

#### **Objective**

Assess the difference in safety performance between employees and contractors and encourage the company to address the differential.

Probe its plan to update reporting on safety performance, and assess its progress on implementation.

Confirm the liability status of the Kazakhstan assets.

Determine the process and timing for presenting the safety performance dashboard to the board and to sustainability governance bodies.

#### **Portfolio action**

Remain invested

#### **CONTEXT**

ArcelorMittal is the world's largest steel and mining company. It produces a wide range of steel products used in construction, automotive and manufacturing, with operations in over 60 countries. The company also has its own iron ore and coal mining assets and is a crucial player in efforts to decarbonise steel through low-carbon technologies.

We engaged with long-term holding ArcelorMittal frequently throughout 2025, both independently and through collaborative initiatives. Our collaborative engagement has included participation in Climate Action 100+, alongside investor led discussions focused on health and safety. This discussion centred on enhancing safety performance, implementing DSS+ audit recommendations and strengthening the company's reporting practices.

## OUTCOME

ArcelorMittal confirmed that the Kazakhstan assets have been fully divested, with no remaining legal claims on the company. Nevertheless, we sought further clarity on the performance differential between employees and contractors highlighted in the DSS+ safety audit. The company noted that this disparity has become an area of heightened focus, with teams actively implementing the audit's recommendations. Management also emphasised a renewed commitment to the group's **life saving golden rules** and broader safety culture, adding that contractors receive the same training and safety briefings as employees.

ArcelorMittal further explained that, after the Kazakhstan incident, the independent non-executive directors convened multiple times without management present to discuss safety matters. The board receives a quarterly safety dashboard that provides both quantitative

indicators and progress updates against the DSS+ audit, with recommendations and actions detailed at either the segment or the asset level, depending on materiality.

When asked about enhancements to external safety reporting, ArcelorMittal said refinements have been made to the format and presentation of disclosures. However, the company noted that the internal dashboard remains complex due to the depth of information reviewed. Externally, ArcelorMittal reports safety data through its sustainability report and quarterly stakeholder updates and has benchmarked its disclosures against peers, including those in the oil and gas sector, which it views as more advanced in safety reporting. The company also highlighted its Ukrainian operations as a continued area of concern, noting that employees were granted a special waiver to attend a two week safety training programme in Brazil.

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## NEXT STEPS

On safety, our priority is to continue reviewing ArcelorMittal's disclosures, with a particular focus on opportunities to encourage more granular reporting, at the segment or asset level. We will also monitor the performance of joint ventures, such as Calvert and India, to ensure consistency in safety standards and oversight across the broader group. Ultimately, our assessment will centre on whether both leading and lagging indicators demonstrate sustained improvement through time.

Although the DSS+ project operates on a three year implementation cycle, ArcelorMittal emphasised its commitment to safety does not pause during this period. Level 1, 2 and 3 audits are either completed or under way, and safety performance now forms part of every employee's annual performance review. At the group level, ArcelorMittal has also strengthened its governance framework by consolidating and sharing safety best practices and performance data across operations, reinforcing a clearer separation of duties and enhanced oversight of safety metrics.

## HOW WE ESCALATE ENGAGEMENTS

We consider a variety of options and strategies to escalate engagements. When an issue is identified, Ruffer usually raises it directly with the company, often with management or members of the board, to facilitate frank and forthright discussions. If the outcome of this direct engagement is not satisfactory, Ruffer may consider escalation, using a variety of options with a range of stakeholders at the target company, including the investor relations team, executive management and non-executive directors. The approach taken depends on the circumstances of each case and may change based on the company's progress towards our engagement objectives, other developments or our shifting priorities.

The internal governance of escalation, including the decision to vote against management or in favour of a shareholder resolution, initially involves informal discussion within the RI team, where a team position is reached. This view is then discussed with the Investment Director or Analyst (possibly with input from the C&D team), to agree on the appropriate action.

If the issue develops to the point of collaborative engagement, co-filing or filing shareholder resolutions or other public disclosure, the RI team will defer to the senior members of the Investment team, the Responsible Investment Council or the Executive Committee, depending upon the materiality of the issue. More details on when we have used escalation tactics and the outcomes achieved can be found in our stewardship themes and engagement examples section.

## ESCALATION POLICY

If engagement fails to meet the objectives Ruffer has set within a specified timeframe, we may use other means to seek to effect change. That is, we may escalate an issue or series of issues to achieve the desired engagement outcomes.

We use an internal framework that divides possible escalation actions into three tiers of severity. Which actions are selected, and in what order they are used, will be determined by our assessment of what is most likely to deliver the outcomes we seek, progress made by the company so far, the potential financial cost (to Ruffer or the target company), the possible damage to reputation and any implications for shareholder value, among other factors.

We may, as a final and rare escalation step, divest from a company should we determine engagement has failed to achieve the established engagement objectives, after giving due consideration to broader investment objectives.

# Engagement escalation policy

## ESCALATION

### LEVEL THREE: PUBLIC (WITH EXECUTIVE APPROVAL)

FILING OR CO-FILING  
SHAREHOLDER  
RESOLUTIONS

DIVESTMENT

MAKING A  
STATEMENT AT  
AN AGM

### LEVEL TWO: PRIVATE OR PUBLIC, SCENARIO DEPENDENT

SENDING A PUBLIC AND/  
OR PRIVATE LETTER

SUPPORTING  
SHAREHOLDER  
RESOLUTIONS

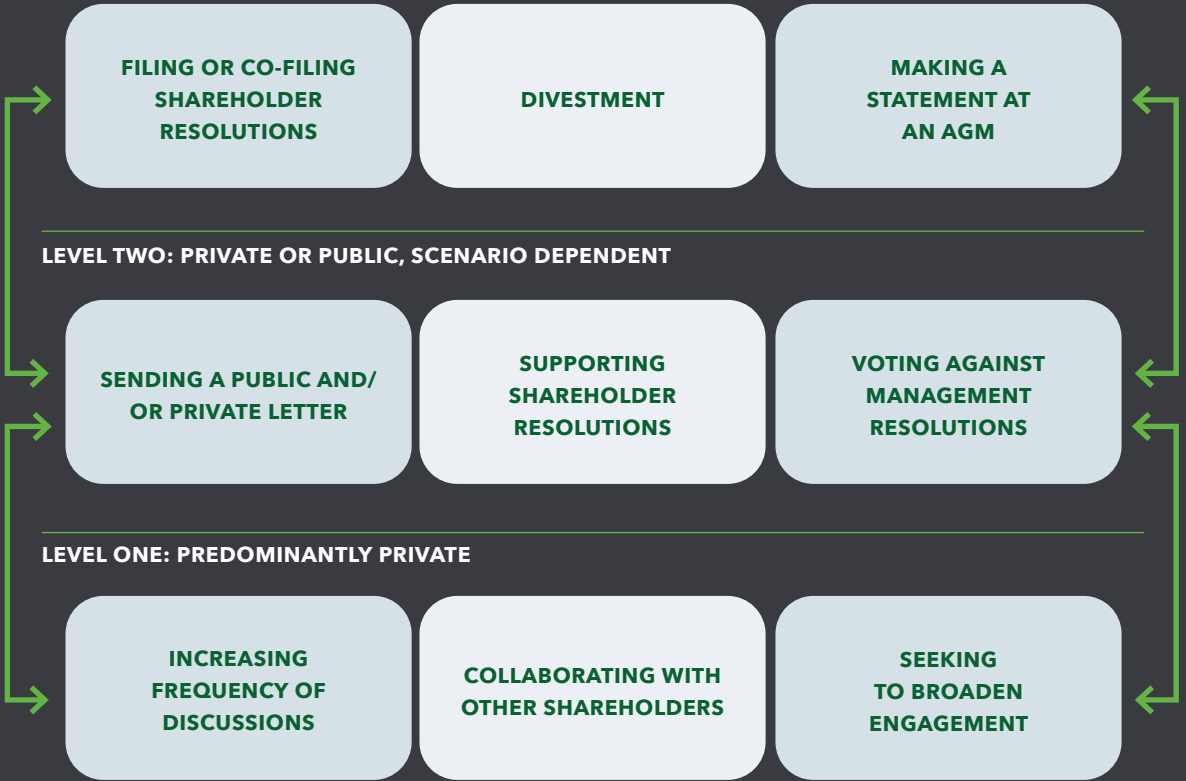
VOTING AGAINST  
MANAGEMENT  
RESOLUTIONS

### LEVEL ONE: PREDOMINANTLY PRIVATE

INCREASING  
FREQUENCY OF  
DISCUSSIONS

COLLABORATING WITH  
OTHER SHAREHOLDERS

SEEKING  
TO BROADEN  
ENGAGEMENT



**CASE STUDY: BP****INDUSTRY: OIL, GAS AND CONSUMABLE FUELS****Themes**

Environment - transition to Net Zero; Governance - board structure and independence/ effectiveness, succession planning; Strategy - reporting (audit, accounting, sustainability reporting), corporate strategy/capital allocation

**Type of engagement**

Independent

**Objective**

Communicate to BP why we voted against the re-election of select board members.

Encourage BP to publish an updated climate action/transition plan to clarify how it intends to reach its 2050 targets, as interim targets were softened.

Query whether emissions targets can still be met considering the business is growing the oil and gas side and scaling back its low carbon allocation.

Gain insights into the use of return on average capital employed (ROACE) and suggest using ROACE volatility as a KPI in LTIPs.

Question reasoning for the scaling back of the low carbon business.

Additional clarity on the measures and initiatives BP is implementing to maintain operational excellence during its cost cutting regime.

**Portfolio action**

Remain invested (escalation policy invoked)

**CONTEXT**

BP is a long-term holding for Ruffer, and we have long engaged with the company, addressing the company's role in the energy transition, as well as social and governance issues. In recent years, however, BP has faced a particularly challenging period: the share price has fallen, leadership has turned over, and activist investor Elliott Investment Management has built a 5% stake, emerging as a significant source of pressure. These issues culminated in BP's strategic reset announced at its Capital Markets Day in February 2025. Its persistent underperformance of both peers and the broader market reflected investor scepticism about BP's ability to execute its strategy, driven by unclear communication, past capital allocation decisions that prioritised renewables over the core oil and gas business, and ongoing questions about leadership and strategic direction.

## **OUTCOME**

To express our dissatisfaction and hold the board to account, we voted against the three longest-serving non-executive directors, all of whom served during the appointment and departure of former CEO Bernard Looney and oversaw the unsuccessful shift towards an integrated energy company. In our view, this strategy delivered neither shareholder value nor a credible transition pathway. We met with BP before the AGM to explain our voting rationale and, after the vote, continued to engage closely under then-CEO Murray Auchincloss, seeking greater clarity on the company's direction and priorities.

As part of our ongoing stewardship, we engaged further with BP in Q4 2025, focusing on climate targets and transition planning, low-carbon investment strategy and capital discipline. We encouraged BP to publish an updated climate transition plan setting out a clearer pathway to its 2050 Net Zero ambition, given its interim targets have been softened and its capital allocation to low-carbon business reduced. While BP has not set detailed targets beyond 2027, citing evolving investor priorities and energy market dynamics, it reaffirmed its Net Zero commitment and stated it would continue to report progress through its annual and sustainability disclosures.

We also examined BP's decision to scale back low-carbon investment, questioning whether the move was due to the returns profile of renewables or a lack of strategic fit. Management attributed this to weaker returns rather than a loss of strategic intent, pointing to external shocks such as the pandemic, the war in Ukraine and tariffs. BP outlined a more pragmatic, capital-disciplined approach, with continued investment in biofuels, biogas, hydrogen and renewables, often via capital-light structures such as joint ventures. For example, offshore wind is now held in a standalone joint venture with Japanese power company JERA.

In addition, we challenged BP on its use of ROACE, suggesting that greater focus on ROACE volatility could provide insight into resilience across the cycle. BP responded that ROACE reflects strategic choices, with projects stress-tested across a wide range of oil prices, and reiterated its focus on growth, diversification and resilience. We also probed how BP maintains operational excellence and performance standards, while cutting costs and carrying out disciplined capital allocation during its strategic transition. Operationally, BP reported upstream reliability of around 97%, reaffirmed that safety remains non-negotiable and highlighted cost savings from streamlined operations and technology.

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## **NEXT STEPS**

We will continue to monitor BP's disclosures, particularly on its climate transition plans, and will keep encouraging a stronger focus on capital discipline and return resilience in strategic decision-making.

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## **CASE STUDY: ALPHA METALLURGICAL RESOURCES (AMR)**

### **INDUSTRY: METALS AND MINING**

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#### **Themes**

Strategy - reporting (audit, accounting, sustainability reporting)

#### **Type of engagement**

Independent

#### **Objective**

Encourage the development of plans to enhance disclosure and the company's strategy for marrying economic profit with resource productivity through the value chain.

#### **Portfolio action**

Position sold (in basket rebalance, with the company placed on internal watchlist)

#### **CONTEXT**

AMR is a US mining company that specialises in the production, processing and sale of metallurgical (met) coal, a critical input for steelmaking, as well as a smaller volume of thermal coal for power generation. It operates numerous underground and surface mining complexes and associated preparation facilities, serving both domestic and international steel and coke producers.

RUPI is a proprietary measure of whether profit growth is obtained in a sustainable way. RUPI rewards with a high score companies that are improving economic profit, while using fewer resources (energy, water, fixed tangible assets and other inputs) and reducing environmental impacts (emissions and waste). We refer to this positive divergence as decoupling.

RUPI is one of the inputs into our stock selection process. To help us score companies more accurately, we seek comprehensive disclosure on human capital, energy consumption, water withdrawal, GHG emissions and waste production. We asked AMR about its plans to enhance disclosure and its strategy for marrying economic profit with resource productivity through its value chain.

After several emails requesting further information and a discussion on sustainability disclosure, AMR confirmed it has no intention of enhancing its disclosure beyond the limited qualitative commentary currently available on its website.

**OUTCOME**

Given the company's persistently low RUPI score and our view that meaningful improvement is not possible without more comprehensive reporting, we expressed our disappointment to management.

Our position in AMR was sold in a basket rebalance, and we placed the company on our internal RUPI watch list. The watch list features companies we have owned in the past but have since decided to exclude from consideration for baskets in future rebalances until there is some improvement on critical dimensions.

**NEXT STEPS**

A company may be placed on the internal watch list if its RUPI score is materially weak – due to either significant gaps in extra-financial disclosure or clear underperformance of global sub industry peers – and if engagement is not feasible or reveals no intention to improve disclosure, despite the absence of legitimate barriers. In such cases, the lack of transparency and unwillingness or inability to engage prevents a credible assessment of the company's sustainability performance and trajectory.

We will continue to monitor AMR's disclosure, and the company may be taken off the watch list if we see improvement on these dimensions. For example, if a company changes its attitude towards disclosure and communicates a plan to track and report pertinent extra-financial data within a reasonable time frame, we will remove the company from the watch list, even before the new disclosure has had a chance to improve the RUPI score.

PRINCIPLE 4 Signatories actively exercise their rights and responsibilities.

OUR FRAMEWORK



Our framework references Ruffer's purpose, defined through our two investment aims. We believe investing responsibly will lead to better long-term performance for our clients. The macro environment guides our asset allocation across the two major asset classes (sovereign bonds and listed equities) and our positioning within other asset classes, such as commodities and derivative strategies. The micro component refers to the fundamental or systematic analysis, including ESG factors, of the securities (both bonds and equities) we buy, sell and hold.

Our stewardship activities assist Ruffer with both macro analysis (for example, by helping to identify and assess market-wide systemic risk and well-functioning markets) and micro analysis (for example, by identifying ESG strengths and weaknesses). Stakeholders include our data providers, regulators, central banks, NGOs and industry-led initiatives. We engage with stakeholders selectively. Our primary stakeholders, and the party to whom we owe our fiduciary duty, are our clients. This framework acknowledges that, as we acquire information and knowledge, our investment conviction or stewardship activities may change.

### **WHY DOES VOTING MAKE A DIFFERENCE?**

We take our voting responsibilities seriously. We review relevant issues and exercise our judgement where necessary, based on our in-depth knowledge of each company and contemporary good governance standards. The opportunity to vote enables us to encourage boards and management teams to consider and address areas we are concerned about or want to support. We detail below how we exercise our voting rights and responsibilities for our equity holdings.

### **WHAT HAVE WE COMMITTED TO?**

We vote on our total shareholding of the companies held within our flagship funds. Voting on companies not held in these funds is subject to materiality considerations. Our policy on voting reflects both our investment objectives and our investment approach. It is Ruffer's policy to vote on AGM and EGM resolutions, including shareholder resolutions and corporate actions. We apply this policy to both UK and international companies, reflecting the global nature of our investment approach.

### HOW DO WE DEFINE A 'SIGNIFICANT VOTE'?

We define the parameters for determining when a resolution (or vote) is considered significant as the following cases in which the meeting agenda includes

- an ISS governance recommendation which differs from the management's recommendation
- any shareholder resolution
- climate-related resolutions (filed by management)
- a dissident (or alternative) shareholder director nomination slate (normally in markets like the US and Italy)
- misalignment with Ruffer's internal voting guidelines

In these cases, members of the Investment, Clients & Distribution and RI teams will meet formally to discuss the item and decide on the vote direction.

### HOW DO WE VOTE OUR PROXIES?

Our internal voting guidelines apply when we instruct a vote, regardless of which Ruffer fund or pooled account holds the company. These guidelines are principles-based and not prescriptive, as we aim for an approach that is applicable across the full market capitalisation spectrum. Where a vote is cast against management or against a shareholder resolution, a clear rationale for the instruction is entered into the voting workflow. The guidelines cover elements of governance including:

- 1 Whether a remuneration policy should be supported
- 2 Independence and over-boarding of directors and the composition of board sub-committees
- 3 Our approach to considering, and whether to support, shareholder resolutions.

In 2024, we revised our voting process by formalising two pathways, fast track and significant. A meeting is considered fast track when the ISS voting recommendation aligns with the management's. Analysts retain the right to instruct in a way they think is in the company's best interests, meaning they can vote against the ISS recommendation. A meeting is considered significant when there is at least one significant resolution on the agenda. This invokes input from the RI team, as well as a formal quorum meeting to discuss the vote recommendation.

During 2025, we refined our voting process by updating the fast track pathway. Previously, we required two approvers for resolutions with full alignment between management and ISS and with no shareholder proposals or contentious items. As our voting volume grows with the expansion of our equity baskets, fast track meetings

now require only one authoriser, from either C&D or Investment, thus streamlining the workflow while ensuring we maintain strong oversight and an active voice across as many votes as possible.

The launch of our quantitative equity baskets has led to a substantial increase in the number of AGM and EGM meetings requiring votes, often for very small position sizes. As the number of equities held across portfolios continues to rise, we must ensure our voting approach remains both robust and well resourced. Against this backdrop, in 2025, we revised the voting process for basket names as set out below.

We will fast track votes on all shareholder proposals except those that are climate related or deemed controversial, as well as management proposals where the board and ISS recommendations align, excluding climate related items. A quorum meeting is not required for shareholder resolutions that are neither controversial, climate related nor connected to basket thesis considerations. Votes subject to a quorum meeting are deemed significant. A quorum will be required for climate related shareholder and management proposals, controversial shareholder proposals and management proposals where the board and ISS recommendations differ.

Investment analysts review relevant issues case by case. Drawing on support from our RI team (as needed) and accumulated knowledge of the company, analysts will make an informed judgement on voting direction. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, we may escalate the decision to the RIC. With issues which are complex or could have a material effect on our investment thesis, we ask the company for additional information or more in-depth explanations. If we decide to vote against management, we try to communicate this decision to the company before the vote and provide the rationale for doing so.

We review our voting rights as part of the ESG due diligence. For example, we consider if any of the following apply: 'one share, one vote', dual-class shares, controlling shareholders, free-float, presence of poison pills or similar governance restrictions.

Ruffer has developed an integrated voting platform linked to proxy voting research, currently provided by ISS. These tools assist analysts in our assessment of resolutions and the identification of contentious issues. Although we take note of proxy advisers' voting recommendations, we do not generally delegate or outsource our decision on how to vote on our clients' shares.

For most of our clients, we exercise voting rights on holdings in the portfolio in accordance with Ruffer's voting guidelines. However, we can facilitate clients' voting instructions on both segregated and pooled accounts, provided we have sufficient administrative capacity and explicit client authorisation.

## DISCLOSURE OF VOTING DECISIONS

Our voting decisions for our flagship funds are available at [ruffer.co.uk/responsible-investing](https://ruffer.co.uk/responsible-investing). On request, we can provide clients with tailored quarterly, biannual or annual voting reporting, which contains granular data, including at the resolution level.

## VOTING DATA

The 2025 aggregated voting data presented here comprises all votes across Ruffer funds, institutional investors and private client holdings. We have not included client accounts where we do not have the authority to instruct votes.

Ruffer voted at 275 company meetings in 2025. At each meeting, several resolutions are usually proposed by management or shareholders. Most of Ruffer's assets are managed either through our flagship funds or in segregated accounts managed to the same strategy.

We estimate we cast votes on 67.7% of items at eligible company meetings. Our mandatory voting list accounted for 81.4% of our equity AUM. These estimates are based on data as at 31 December 2025. The mandatory list comprises all companies held within our flagship funds, together with other material holdings above a defined threshold, on which we aim to instruct votes across our full shareholding. Voting on companies outside this mandatory list is determined by materiality considerations.<sup>3</sup> There were 91 companies that we voted on in 2025 but no longer held as at 31 December 2025. We face several challenges in calculating this figure, including a 'voluntary' list of companies where the analyst has discretion to vote, and the fact that the equity weight is taken at year end, rather than calculated at the time of voting.

It is the analyst's responsibility to continue to monitor these considerations and to decide how to vote at company AGMs or EGMs.

## VOTING AGAINST MANAGEMENT RESOLUTIONS

Voting is a powerful tool to encourage boards and management teams to consider and address areas we are concerned about, particularly if engagement has not been successful. We highlight our votes against management to demonstrate we make our voting decisions independently. We later seek to discuss any shareholder resolutions we voted for which were against the recommendations of the company.

<sup>3</sup> If we instructed a vote at a company meeting during the year and subsequently sold the position, the market value of that holding is excluded from these estimates. If we built a position after the company's AGM, the market value of that holding is included only in the denominator, which lowers the percentage of shares on which we voted.

In 2025, we voted against management predominantly on issues including the election or re-election of directors, executive pay and shareholder resolutions. The companies varied in size, sector and location, ranging from American technology companies to global mining companies. The chart overleaf shows votes against management by type of resolution.

## **NON-EXECUTIVE DIRECTORS, BOARD STRUCTURE AND INDEPENDENCE, BOARD EFFECTIVENESS**

In most circumstances, we think it is of fundamental importance that a board has a majority of demonstrably independent directors. We believe this is essential to provide a robust oversight of, and counterbalance to, the company's management. Where management teams are not significant owners of the business, it is crucial to countering the principal-agent problem, where the owners' and managers' interests are not sufficiently aligned. Measures of independence include how long a director has served on the board or prior organisations where the director has served as an executive or non-executive. We have incorporated these into our internal voting guidelines.

## VOTING SUMMARY 2025

Resolutions voted	#	%
For	3,427	96.6
Against	111	3.1
Abstained or withheld	9	0.3
Total	3,547	100.0

## KEY VOTING STATS

62	votes against management/board resolutions
49	votes against shareholder resolutions
26	votes in favour of shareholder resolutions
3	votes withheld
145	of votes against ISS recommendation
85	votes against management recommendation

We voted in favour of 41.2% of environmental shareholder proposals.

We cast 35 votes against the re-election of board directors (1.3% of director election proposals received or 1.8% of director election proposals voted on).

Of the total votes, 31% are in the UK.

# Resolution topic categories

## **DIRECTOR RELATED**

Director related,  
director election

## **CAPITAL**

Capitalisation

## **ROUTINE BUSINESS**

Routine business, audit  
related, company articles,  
mutual funds

## **REMUNERATION**

Compensation

## **REORGANISATION AND MERGERS**

Strategic transactions,  
takeover related

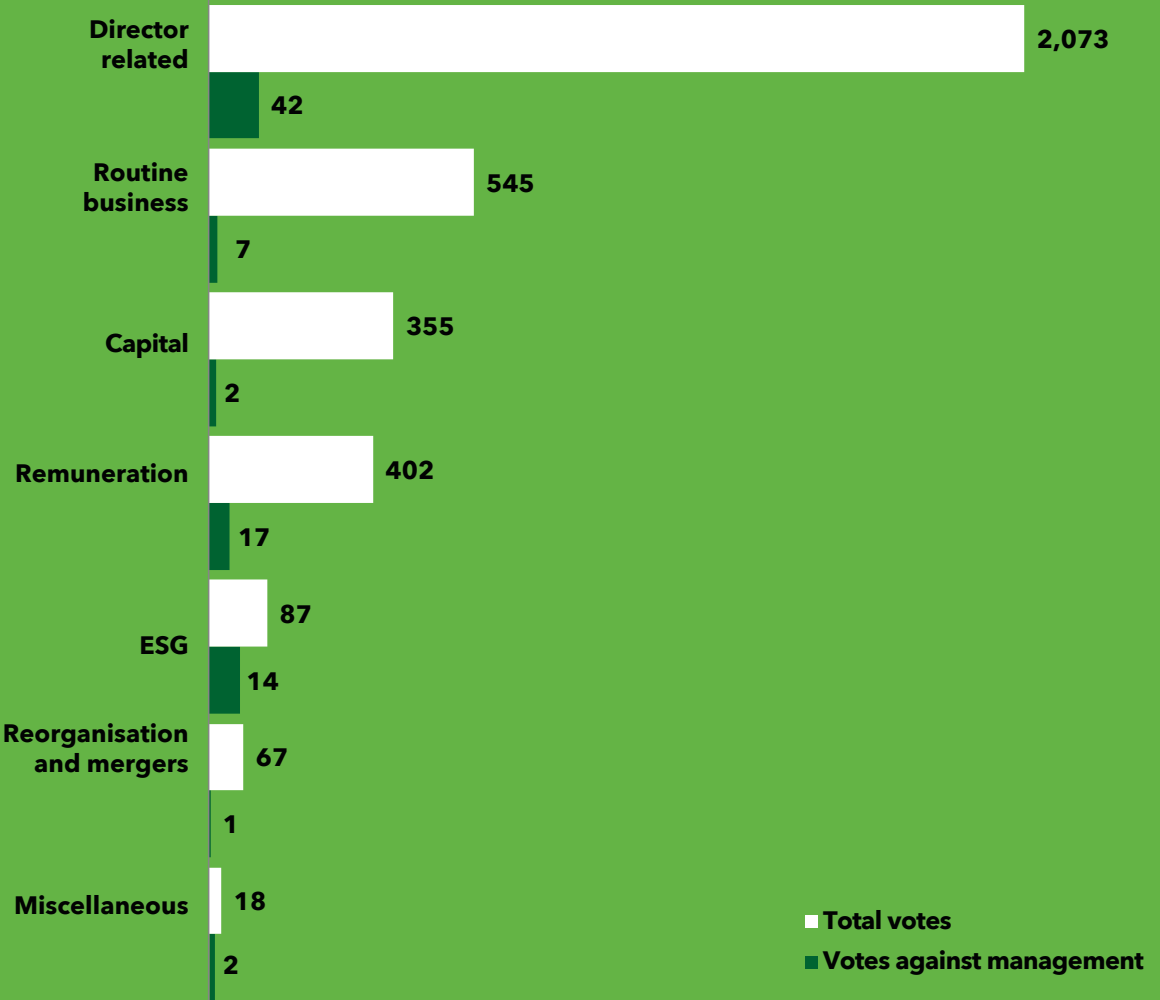
## **ESG**

Corporate governance,  
environmental, social,  
E&S blended

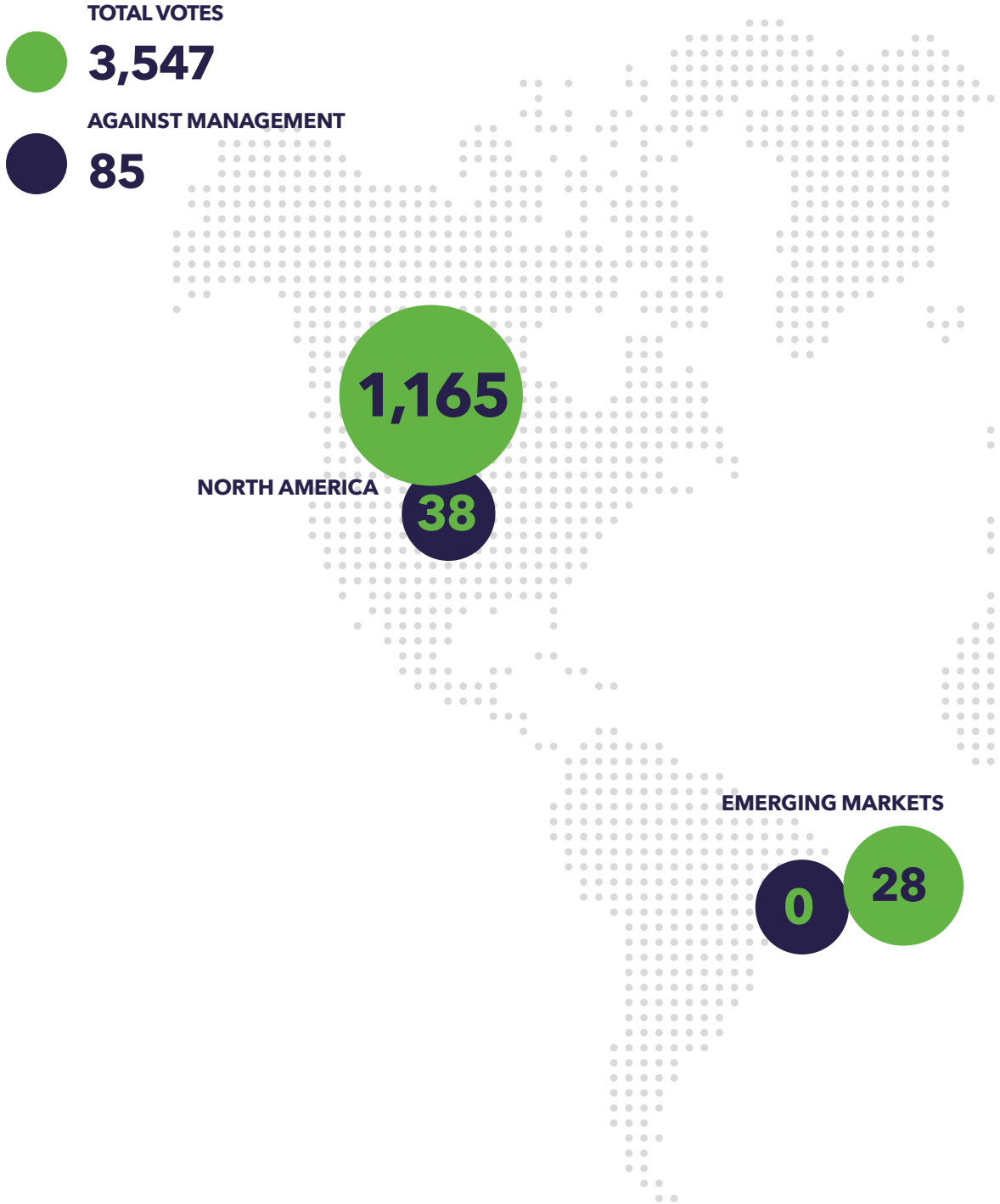
## **MISCELLANEOUS**

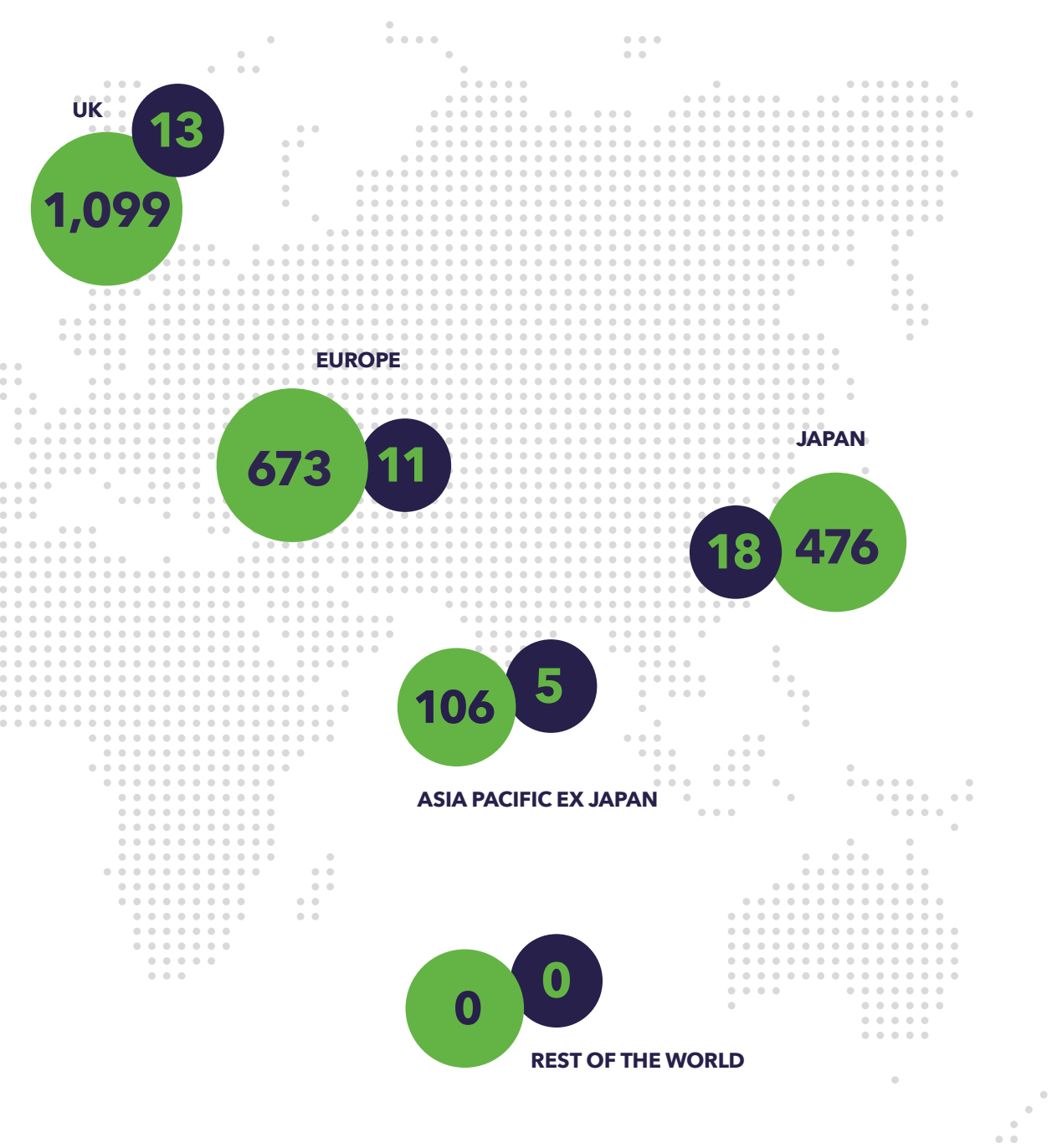
Miscellaneous,  
no research, non-routine  
business

## VOTES AGAINST MANAGEMENT RESOLUTIONS



# GEOGRAPHIC BREAKDOWN





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**CASE STUDY: DEERE & CO**

Resolution outcome

Failed/rejected

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**RATIONALE**

We elected to not support a shareholder resolution requesting a report on the statistical differences in hiring across race and gender. We consider Deere’s disclosure related to its workforce (including three calendar years of wide-ranging metrics), coupled with its array of documents related to its respect for human rights (including Code of Business Conduct, Supplier Code of Conduct, Dealer Code of Conduct and John Deere’s Support of Human Rights in Our Business Practices), to be comprehensive. So

we thought there was little to be gained from additional reporting.

Evaluating Deere’s race and ethnicity representation against the US Census indicates no material divergence, which may also reflect the global composition of its workforce. Moreover, in its hiring and development practices, Deere maintains a focus on attracting and retaining the most capable talent to drive innovation and address its customers’ most significant challenges.

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**CASE STUDY: MATTEL**

Resolution outcome

Failed/rejected

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**RATIONALE**

Ruffer elected to vote in favour of a shareholder proposal requesting a report on plans to reduce and align Mattel’s GHG emissions with Paris Agreement goals. We acknowledge that the company reports Scope 1 and 2 emissions and has begun disclosing elements of Scope 3, with plans to continue strengthening its climate related reporting. However, it does not yet have an SBTi validated target or a science based

equivalent. In addition, there are several gaps relative to our five point alignment framework, including no MACC or internal carbon price. Both are important tools for assessing an organisation’s climate risk management capabilities, as well as its capacity and commitment to address nature related risks and other emerging environmental considerations.

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**CASE STUDY: GLENCORE**

Resolution outcome

Passed/accepted

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**RATIONALE**

Ruffer voted against the approval of Glencore’s remuneration report. Our concern centred on the quantum of the proposed award relative to the company’s performance. The board intends to grant 500% of a possible 525% of maximum (95% of the total opportunity). We considered this disproportionate considering

the company’s operational results, including the underperformance of the copper portfolio, the four fatalities recorded in 2024 and the uncertain strategic value of the Teck transaction, which expands the coal business near what appears to be the top of the market. Collectively, these factors did not, in our view, justify an award of this magnitude.

**CASE STUDY: SEVERN TRENT**

Resolution outcome

Passed/accepted

**RATIONALE**

Ruffer supported Severn Trent’s Net Zero Transition Plan as the company demonstrates credible progress against the core elements of our five point alignment framework. The plan includes a comprehensive, externally assured GHG footprint across Scopes 1–3 and science based, Paris aligned targets, with a commitment to review and strengthen Scope 3 ambitions over time. While the company does not publish a full MACC, its transition pathway is clearly presented through detailed waterfall and glidepath charts.

Severn Trent also applies an internal carbon price of £248 per tonne to guide capital allocation decisions, and 20% of long-term incentive awards are linked to carbon reduction performance, an approach recognised through its highest tier Environmental Performance Assessment (EPA) 4\* rating. Taken together, these elements provide confidence in the robustness of the company’s transition strategy and justified our support for the plan.

**CASE STUDY: UNILEVER**

Resolution outcome

Passed/accepted

**RATIONALE**

At its 2024 AGM, Ruffer voted in favour of the board proposed remuneration policy. For 2025, we deemed the remuneration committee’s decisions, as well as the disclosures within the annual remuneration report, to be appropriate. This is considering the recent CEO transition as well as the importance of aligning, incentivising and stabilising leadership during a period when Unilever is part way through its Growth

Action Plan. We also view the combination of performance metrics applied across the annual bonus and the LTIP – which includes the allocation of 15% to sustainability performance indicators covering climate, nature, plastics and livelihoods – as well aligned with the company’s strategic objectives, providing a balanced focus on sales growth, total returns and cash flow to support long-term shareholder value.

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**PRINCIPLE 5**     Signatories integrate stewardship considerations into their selection and oversight of external managers.

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**MONITORING OF EXTERNAL MANAGERS**

Ruffer invests in specialist third party tail risk hedge funds that use credit and other derivatives. The relationships are managed by the macro team, which is responsible for implementation of the asset allocation decisions on credit and derivative strategies. The external credit managers can be categorised as hedge funds, as they can implement long-short investment strategies using fast (and slow) frequency signals and they actively trade positions. Ruffer monitors these managers for investment performance, style consistency, changes at the manager and whether their philosophy and process continue to deliver the return and risk profile Ruffer is seeking for the portion of the funds committed.

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**PRINCIPLE 6**     Signatories monitor and hold to account stewardship service providers.

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Ruffer uses the products and services of an array of third party providers across the business. With respect to responsible investment, we rely upon

Aladdin by BlackRock	SASB
MSCI (ESG Research)	Bloomberg or FactSet
ISS	CDP
CS HOLT	LSEG

**DIALOGUE WITH OUR RESPONSIBLE INVESTMENT SERVICE PROVIDERS**

We monitor the data we receive from our service providers and provide feedback as necessary. We also monitor industry trends and issues and speak to companies about the quality of data published by service providers, such as MSCI ESG Research and ISS. In addition, we compare the data and analysis of these service providers with our in-house analysis. On several occasions, we have relayed data issues to our providers. As we use external research only as an input into our own analysis, rather than relying on specific ratings, we feel that having access to a variety of research methodologies adds to the depth of our analysis. We consider new providers when appropriate.

**CASE STUDY: LSEG**  
**INDUSTRY: DATA PROVIDER**

**Themes**

ESG time-series data

**Type of engagement**

Independent

**Objective**

LSEG assessment

**Outcome**

Monitor corporate disclosure and re-engage

**CONTEXT**

We contacted LSEG about access to ESG time series data through Datastream Web Service (DSWS) and Workspace. The focus was on two categories of environmental data that we require for our research and our RUPI model: materials used and land footprint/biodiversity metrics. We said we currently gather these figures manually from company reports where disclosed and stressed the lack of a reliable, standardised data feed for these metrics. This lack of structured coverage led us to explore whether LSEG could incorporate these fields into their datasets.

**CONTEXT**

LSEG acknowledged our request and explained that, while there has been progress on certain ESG datasets (notably new biodiversity fields), the more detailed fields we sought – including quantitative materials usage (GRI 301 series) and land/biodiversity metrics (GRI 101 Biodiversity Standard 2024) – have not yet moved forward internally. LSEG has so far not committed to incorporating our requested ESG time series metrics into Workspace or DSWS. Nevertheless, the exchange successfully elevated our requirements within LSEG. The service provider reiterated that it is

working with its product and content teams to assess the feasibility of adding these metrics. To aid this process, LSEG sought further clarification from us on the scope, definitions and examples of how such data is delivered by other third party providers, to strengthen its case to internal stakeholders, signalling its intention to evaluate the potential integration.

Although no immediate resolution was achieved, the relationship remains constructive, and LSEG continues to provide updates as internal reviews progress.

**CONTEXT**

We will continue to monitor developments in corporate disclosure and will re-engage with LSEG as the landscape evolves.

# Looking ahead

We have set ourselves ambitious priorities for the years ahead, covering integration, stewardship and our climate strategy.

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## 1

### CLIMATE-RELATED

Enhance our assessment of companies' Net Zero alignment and analysis and interrogation of a company's willingness and ability to achieve Net Zero.

Develop our capabilities across additional asset classes and further refine qualitative responses for the purposes of portfolio resilience, risk and return.

Risk management: improve climate analytics and reporting, deepening the analysis we do with our risk management process. Use macro and micro insights to cross-pollinate investment decisions.

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## 2

### MEANINGFUL STEWARDSHIP

Focus on identifying, and engaging upon, key ESG factors which if they materialise could destroy company value or, conversely, factors that could release hidden company value.

Combine data-driven screening with deep company dialogue to close disclosure and performance gaps.

Further develop the feedback mechanism of our engagement approach by systematically tracking milestones with the inclusion of post-engagement analysis and reviews.

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# 3

## LEVERAGE AND SCALE FRAMEWORKS

Scale our existing investment lens and tools – RUPI, due diligence integration and the five point alignment framework – to deliver deeper, more consistent analysis across climate and broader sustainability themes. By expanding these established frameworks into areas such as human rights, HR management and biodiversity, we strengthen our ability to identify risks, opportunities and long-term value creation across all portfolios.

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# 4

## DEEPEN INTEGRATION

Further embed ESG integration within the investment process, with a focus on pre-trade and lifecycle analysis.

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# 5

## NATURE AND BIODIVERSITY

Develop our understanding of TNFD and evaluate current market capabilities and initiatives in these areas as we work towards producing a TNFD report.

Further integrate nature and biodiversity metrics into due diligence to help us determine how dependent a company's value is on nature.

# Appendix

## Summary of engagement

Company	Topics (consolidated)
AI Robotics	Strategy
Alpha Metallurgical Resources	Strategy
ArcelorMittal	Environment, Social, Governance, Strategy
Atkore	Strategy
Barrick Mining	Environment, Strategy
BayCurrent	Social, Strategy
Bayer	Governance, Strategy
BP	Environment, Governance, Strategy
Copa Holdings	Environment, Social, Strategy
Cover Corp	Environment, Social, Strategy
Dassault Aviation	Governance, Strategy
Dorman Products	Social, Strategy
Energys	Social, Strategy
FMC Corporation	Environment, Social, Governance, Strategy
Griffon Corporation	Strategy
INPEX Corp	Strategy
Jazz Pharmaceuticals	Strategy
Jet2	Environment, Social, Strategy
Kasumigaseki Capital	Strategy
KB Home	Social, Strategy
Keyence Corp	Environment
Kurita Water Industries	Social, Strategy
Maruwa	Strategy

Company	Topics (consolidated)
Mercia Asset Management	Governance
Meritage Homes	Environment, Governance, Strategy
Micronics Japan	Strategy
Newmont	Environment, Social, Strategy
Nidec	Governance
Noble	Environment, Social
Oshkosh	Environment, Strategy
Pilgrim's Pride	Governance, Strategy
Prudential	Governance
Pulte Group	Strategy
Rakus	Strategy
Reckitt Benckiser	Environment, Social, Governance, Strategy
Remixpoint	Strategy
RS Group	Social, Governance
Ryanair	Environment, Social, Governance, Strategy
Savannah Energy	Environment, Governance, Strategy
Shibaura Mechatronics	Strategy
Shimadzu	Strategy
Smurfit Westrock	Environment, Social, Strategy
Takasago Thermal Engineering	Strategy
Tokyo Gas	Strategy
Toll Brothers	Environment, Strategy
Vivendi	Social, Governance

# Contact us

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Joined Ruffer in 2012 as Risk and Attribution Manager, then worked on one of Ruffer's specialist funds for eight years, before moving to the Middle Office and Responsible Investment teams. He holds a Master's in international financial analysis from Newcastle University and is a CFA charter holder.



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Joined Ruffer as a graduate in 2023. She graduated from the University of Oxford with a distinction in MSc economic and social history and has a BSc (first class) in economic history from the London School of Economics. She has completed the Investment Management Certificate and has passed Level 1 of the CFA programme.

## FURTHER INFORMATION

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The following documents are available at  
[ruffer.co.uk/responsible-investing](https://ruffer.co.uk/responsible-investing)

Quarterly responsible investment reports

Responsible Investment Policy

Our response to the UK Stewardship Code

Climate change framework

Our voting summary

A selection of articles on responsible investment topics

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