

CGG Services (UK) Limited Pension Scheme

Implementation Statement

March 2023

Introduction

This document is designed to be used in conjunction with the Statement of Investment Principles (SIP) to quantify to what extent the principles laid out have been followed and implemented. This Implementation Statement will be based on the CGG Services Statement of Investment Principles approved in October 2021 and updated in September 2022. The Trustees are comfortable that the SIP has been followed effectively throughout the last year.

As the CGG Services Pension Scheme is a DB-only scheme, this Implementation Statement will focus on engagement and voting about the stated beliefs.

Changes to beliefs over the last year

There were no changes made to the Trustees' beliefs over the year.

Ability to use voting rights

The scheme exclusively invests in pooled funds. This means the Trustees do not have voting rights on the assets held. The Trustees, therefore, rely on their investment managers to use their voting rights in accordance with the Trustees' beliefs. The Trustees are aware that their ability to influence the managers is limited. However, the Trustees consider the beliefs of the managers when making decisions around the hiring and retention of investment managers. The Trustees provide their beliefs to the investment managers for review, as well as collecting the beliefs and voting activities of the managers. This ensures the Trustees' views remain aligned with those of their investment managers. The Trustees have not identified any conflicts at this time.

Engagement record

The Trustees have collected voting records from their investment managers for the year 2022, which have been summarised in the table below. The Trustees are satisfied that their investment managers are active users of their voting rights. Where a manager does not invest in equities, there are no voting rights and we have recorded the voting statistics as "Not applicable".

| Investment Manager | Voting statistics | |
|--------------------------------------|---|-----------|
| CTI | Not applicable as the funds do not invest in equities | n/a |
| BNY Newton - Real Return Fund | Total # of meetings | 75 |
| | # of resolutions: eligible to vote | 1270 |
| | # of meeting: voted | 100% |
| | voted in favour of management | 89% |
| | voted against management on at least one resolution | 45% |
| | Abstained from voting | 0% |
| | % meetings voted against proxy advisor | 7% |
| Janus Henderson | Not applicable: The fund does not invest in equities | n/a |
| Loomis Sayles | Not applicable: The fund does not invest in equities | n/a |

| Investment Manager | Voting statistics | |
|---|---|-----|
| LGIM Equity Funds | Not applicable as fully disinvested | n/a |
| LGIM Bond | Not applicable as the funds do not invest in equities | n/a |
| Ninety-One - Diversified Growth fund | Not applicable as fully disinvested | n/a |
| Schroder | Not applicable: The fund does not invest in equities | n/a |

Manager Voting Behaviour

The Trustees have also collated significant votes from the Fund Managers exercising voting rights in the calendar year of 2022. Having reviewed these significant votes, the Trustees are comfortable that their investment managers are acting in line with their beliefs as laid out in the approved Statement of Investment.

The following pages explain in detail how the Fund Manager engaged with the investee companies and why they consider their voting significant for the Trustees.

Newton's significant holdings universe is determined based on the proportion of a shares of investee companies held, as well as the size of the investment based on its value above certain thresholds. The significant votes will be drawn from this universe and are defined as votes that are likely to generate significant scrutiny from end clients or other stakeholders. They may relate to resolutions that receive a particularly high proportion of dissent from investors or involve a corporate transaction or resolutions raised by shareholders.

| BNY Mellon Real Return | VOTE 1 | VOTE 2 |
|--|--|---|
| Company name | Alphabet Inc. | Bayer AG |
| Date of vote | 01/06/2022 | 29/04/2022 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 1.025904182 | 1.135678413 |
| Summary of the resolution | Political Lobbying Disclosure, Report on Climate Change, Community -Environment Impact, Racial Equity and/or Civil Rights Audit, Approve Recapitalization Plan for all Stock to Have One-vote per Share, Human Rights Risk Assessment, Miscellaneous Proposal - Social, Human Rights Risk Assessment. | Advisory Vote to Ratify Named Executive Officers' Compensation |
| How you voted | AGAINST management and FOR the shareholder proposals | AGAINST |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No | No |
| Rationale for the voting decision | <p>1. Report on lobbying payments and policy – The company's disclosures do not include information on payments made to trade associations or dues to third-party organisations. Increased disclosure will assist shareholders in assessing the risks associated with the company's use of corporate funds.</p> <p>2. Report on climate lobbying – The company has committed to run on carbon-free energy by 2030, and there are several trade organisations that the company is a member of which are obstructing climate policy. To ensure alignment of goals with the group that it supports, such disclosure becomes necessary for shareholders to be able to assess the related risks.</p> <p>3. Report on metrics and efforts to reduce water related risk – Given the company has committed to replenish watersheds around its offices and data centres by 2030, such disclosure would allow shareholders to assess whether the company is equipped to meet its stated target.</p> <p>4. Report on third-party racial equity audit – The company has faced several controversies and allegation concerning racial discrimination. Considering these events, shareholders shall benefit from additional information.</p> <p>5. One-vote per share – This shall enhance the company's governance and capital structure in which economic ownership and voting power will be aligned.</p> <p>6. Report on risks doing business in countries with significant human rights concerns – Enhanced disclosure pertaining to human rights due diligence process will allow shareholders to assess how the company is</p> | We voted against the company's executive remuneration arrangements. The supervisory board exercised discretion for STIPs resulting in payouts that are not aligned with the company's performance. The management continues to be rewarded for underperformance where 40% of long-term awards vested despite share price lagging the benchmark. |
| Outcome of the vote | 18% FOR Political Lobbying Disclosure, 17.89% FOR Report on Climate Change, 21.5% FOR Community - Environment Impact, 21.24% FOR Racial Equity and/or Civil Rights Audit, 31.6% FOR Approve Recapitalization Plan for all Stock to Have One-vote per Share, 16.2% FOR Human Rights Risk Assessment, 18.6% FOR Algorithm disclosure, 21.89% FOR Human Rights Risk Assessment | 75.89% AGAINST Remuneration Report |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | Given that a majority of the voting rights are controlled by the company's executives, the vote results for many of the resolutions show a majority of the company's minority shareholders retain fundamental concerns. Near 20% votes in favour of all shareholder proposals is a clear indication as to where the company is expected to make improvements to allay such concerns. | The vote outcome demonstrates the dissatisfaction of the shareholders regarding the pay practices of the company. Such overwhelming dissent cannot be ignored and we expect the company to reach out to shareholders for feedback to be able to effectively allay their concerns. |
| On which criteria have you assessed this vote to be "most significant"? | The company was subject to a high number of shareholder proposals surrounding both governance and social aspects where the company is well regarded by investors as requiring improvements. | This is determined to be a significant vote given that a majority of shareholders voted against the company's remuneration policy. |

| BNY Mellon Real Return | VOTE 3 | VOTE 4 |
|--|---|--|
| Company name | BioPharma Credit PLC | Booking Holdings Inc. |
| Date of vote | 09/06/2022 | 09/06/2022 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 1.107117678 | 0.950863587 |
| Summary of the resolution | Approve Capital Raising (X2), Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights | Elect Director X4, Advisory Vote to Ratify Named Executive Officers' Compensation, Amend Articles/Bylaws/Charter - Call Special Meetings. |
| How you voted | AGAINST | AGAINST management proposal and FOR shareholder proposal |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No | No |
| Rationale for the voting decision | We voted against proposals related to share issuance as the authority sought by the company for share issuance with and without pre-emptive rights is high. In addition, the company has not provided a commitment that shares would be issued at a premium to NAV. In the absence of these safeguards for shareholders, there could be scope for significant value dilution. | We voted against the executive pay and withheld votes against the incumbent members of the compensation committee. While the bonus pool is based on set performance goals, individual payouts are subjective in nature, and determined by the compensation committee on a discretionary basis. We supported a shareholder resolution requesting to lower the threshold to call for special meetings from 25% to 10% of the share capital, which is considered as an enhancement to shareholders' rights. |
| Outcome of the vote | Resolution Withdrawn | 9.2%, 4.6%, 5.8% and 2.8% AGAINST Elect Directors, 68.2% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation, 49% FOR Amend Articles/Bylaws/Charter - Call Special Meetings |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | We can only assume that the company realised the vote outcome would not be favourable and therefore, withdrew the resolution. While our level of investment means it is unlikely that we will engage with the company, we will continue to make voting decisions in the best interests of our clients. | The vote outcome is a clear indication of shareholder dissatisfaction with pay practices at the company. The dissent recorded is significantly large and is likely to push the company to reach out to shareholders for feedback. It supports Newton's viewpoint of enhanced scrutiny in U.S markets around executive pay. The company should also take note of the near-majority support by institutional investors for the shareholder resolution. The vote outcome is an indication that efforts are required to reduce the threshold in line with market practice to enhance minority shareholder rights. |
| On which criteria have you assessed this vote to be "most significant"? | It is highly unusual for resolution proposals to be withdrawn ahead of a meeting. | Shareholder proposed resolutions rarely achieve such high levels of support, hence this vote was considered significant. |

| BNY Mellon Real Return | VOTE 5 | VOTE 6 |
|--|---|---|
| Company name | ConocoPhillips | Greencoat UK Wind PLC |
| Date of vote | 10/05/2022 | 28/04/2022 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 1.16571912 | 1.682973422 |
| Summary of the resolution | Elect DirectorX5,Ratify Auditors,Advisory Vote to Ratify Named Executive Officers' Compensation,Amend Articles/Bylaws/Charter - Call Special Meetings,GHG Emissions,Political Lobbying Disclosure | Elect Director, Approve Issuance of Equity or Equity-Linked Securities with or without Preemptive Rights, Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights |
| How you voted | AGAINST management proposals and FOR the shareholder proposals | AGAINST |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No | No |
| Rationale for the voting decision | <p>We voted against remuneration arrangements as we note a slight misalignment in pay and performance that is aggravated by concerns around LTI grants. The LTI are constantly earned above targets, casting doubt over the stringency of the awards. The STI scorecard lacks disclosure on key pieces of information that would allow us to mitigate pay-for-performance concerns. We would have also appreciated a cap on negative TSR.</p> <p>Consequently, we opposed incumbent remuneration committee members. We also voted against the incumbent Public Policy and Sustainability Committee Chair due to the limited responsiveness to the majority-backed shareholder proposal at last year's AGM, notably on disclosing Scope 3 targets. In complement, we supported the shareholder proposal requesting reporting on GHG targets, and notably Scope 3 emissions across the value chain. We voted against the ratification of the company's auditor owing to its tenure reaching 74 years, which casts doubts around its independence and objectivity. We also supported a shareholder resolution asking the company to lower the ownership threshold for shareholders to call a special meeting from 25 to 10 percent as this would be considered as an improvement of shareholder rights without one single shareholder being able to abuse of this right. We also supported a shareholder proposal requesting a report on the company's policies and procedures governing both direct and indirect lobbying activities.</p> | <p>We voted against the proposed share issuances and the re-election of the chairperson of the board. We raised concerns over the past share issuance undertaken by the trust. We believe the share placing was not conducted in a manner that was in the best interests of shareholders and the share placing would be at a discount to NAV had it been recalculated on the back of increasing power prices.</p> |
| Outcome of the vote | <p>4.39%, 3.21%, 1.41%, 1.97%, and 1.96% AGAINST Elect Directors</p> <p>12.7% AGAINST Ratify Auditor</p> <p>38.95% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>52.8% FOR Right to Call Special Meeting</p> <p>39.43% FOR GHG Emissions</p> <p>19.6% FOR Political Lobbying Disclosure</p> | <p>15% AGAINST Elect Director, 10% and 11% AGAINST Approve Issuance of Equity or Equity-Linked Securities with or without Preemptive Rights</p> |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | <p>The outcome reflects increasing scrutiny and dissatisfaction of shareholders with auditor tenure and executive pay practices where the company will need to conduct external discussions to be able to effectively address shareholder concerns. Furthermore, majority and near majority support for shareholder proposals highlight the growing areas of concern in the US market.</p> | <p>The vote outcome demonstrates that a super majority of shareholders are not concerned with the potential valuation dilution. As such, these shareholders' right to complain is lost should the company place new shares with investors that are priced below the share's net asset value.</p> |
| On which criteria have you assessed this vote to be "most significant"? | <p>We determined this vote as significant owing to the rarity of a shareholder proposal achieving majority support and the high level of dissent around executive pay.</p> | <p>The vote was deemed significant given the proposal failed to include industry accepted best practice in terms of pricing of placed shares. In such circumstances, the expected minimum is that the shares would be issued at or above their prevailing net asset value, which would prevent unnecessary value dilution for existing shareholders.</p> |

| BNY Mellon Real Return | | |
|--|--|--|
| | VOTE 7 | VOTE 8 |
| Company name | Microsoft Corporation | Norfolk Southern Corporation |
| Date of vote | 13/12/2022 | 12/05/2022 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 1.02588923 | 0.941053016 |
| Summary of the resolution | Ratify Auditors | Elect Director,Ratify Auditors,Amend Articles/Bylaws/Charter - Call Special Meetings |
| How you voted | AGAINST | AGAINST management proposals and FOR shareholder proposal |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No | No |
| Rationale for the voting decision | We voted against the ratification of the company's auditor given the firm has served in the capacity for 39 years raising concerns around its independence and objectivity. | We voted against the chair of the nomination committee due to the board not being sufficiently gender diverse with the board not increasing its female representation for several years in a row. We voted against the ratification of the company's auditor owing to its tenure reaching 40 years, which casts doubts around its independence and objectivity.We also supported a shareholder resolution asking the company to lower the ownership threshold for shareholders to call a special meeting from 20 to 10 percent as this would be considered as an improvement of shareholder rights without one single shareholder being able to abuse of this right. |
| Outcome of the vote | 4.61% AGAINST Ratify Auditors | 9.14% AGAINST Elect Director 7.5% AGAINST Ratify Auditor 44.58% FOR Right to Call Special Meeting |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | The vote outcome implies that a few investors share our concern around auditor independence and effectiveness. However, we will continue to exercise our voting right to encourage auditor rotation. | The company should take note of the overwhelming support by a majority of institutional investors for the shareholder resolution. The vote outcome is an indication that efforts are required to reduce the threshold in line with market practice to enhance minority shareholder rights. |
| On which criteria have you assessed this vote to be "most significant"? | While the level of opposition to the long-tenured auditor was minor, we expect this to increase as audit quality rises up the agenda for investors. | The significance of this vote extends to the level of support received for the shareholder proposals that sought fundamental governance reforms of the company, and also owing to the public interest in gender diversity, the investment importance of a diverse board and that it exemplified our commitment to our policy. |

| BNY Mellon Real Return | VOTE 9 | VOTE 10 |
|--|---|--|
| Company name | Sanofi | TE Connectivity Ltd. |
| Date of vote | 03/05/2022 | 09/03/2022 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.996225943 | 1.066606675 |
| Summary of the resolution | Elect Director , Advisory Vote to Ratify Named Executive Officers' Compensation, Approve Remuneration Policy | Elect Member of Remuneration Committee (x3), Advisory Vote to Ratify Named Executive Officers' Compensation, Approve Issuance of Equity or Equity-Linked Securities with or without Preemptive Rights, Adjourn Meeting |
| How you voted | AGAINST | AGAINST |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No | No |
| Rationale for the voting decision | We voted against executive remuneration arrangements and members of the compensation committee. The overachieved criterion can substantially offset failure of the TSR criterion. The structure of the plan allows for vesting despite underperformance. In addition, the new remuneration policy is proposing to increase the base salary of the CEO without providing a reasonable justification. It also failed to provide sufficient information on the performance share plan. | We voted against executive remuneration arrangements as majority of long-term incentives can vest subject to time served. This led us to vote against the members of the compensation committee. In addition, we voted against a proposal to issue shares which may exclude pre-emptive rights. The proposed pool of capital would correspond to 50% of the issued share capital, which is considered excessive. Consequently, we also voted against adjourning the meeting. |
| Outcome of the vote | 22.4% AGAINST Elect Director 8.26% AGAINST Compensation of CEO 11% AGAINST Compensation Policy of CEO | 10.25%, 1.08% and 0.94% AGAINST Elect Directors; 4.96% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation; 50.27% AGAINST Approve issuance of shares with or without preemptive rights; 37.58% AGAINST Adjournment of Meeting |
| Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | We expect that the board will seek to address investor concern by either providing clear justification for the individual director's membership of the remuneration committee or for him to step off the committee. When put into context of director elections, it is rare for an individual to attract such a high level of dissent. | The vote outcome provides a clear message to the company that shareholders are concerned with the potential dilution that would occur should the capital raising proposals be enacted. |
| On which criteria have you assessed this vote to be "most significant"? | This vote was considered significant given the unusual high level of shareholder dissent against election of a director. | Apart from the resolution receiving high level of dissent, it is rare for a company to propose share issuances exceeding 20% of the outstanding shares. |