

W.A. Fairhurst & Partners 1997 Retirement Plan Implementation Statement for the year ended 30 June 2021

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the W.A. Fairhurst & Partners 1997 Retirement Plan (“the Scheme”) have followed the policies documented in their Statement of Investment Principles (“SIP”) during the year ended 30 June 2021 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Latest review of the Statement of Investment Principles

During the reporting year, the Scheme’s SIP was reviewed and amended from September 2020. This review was initiated due to new regulations that took effect on the 1st October 2020 requiring Trustees to update their SIP to include the following;

- > Additional information on the Trustee’s policy in relation to:
 - The exercise of rights (including voting rights) attaching to investments; and
 - The undertaking of engagement activities in respect of the investments (e.g. the approach to monitoring investment managers over how they take into account performance, strategy, capital structure, management of actual or potential conflicts of interest and ESG issues in relation to issuers of debt or equity).
- > The Trustee’s policy relating to arrangements with asset managers, including how the following matters are set out:
 - Incentives for asset managers to align their investment strategy and decisions with the Trustee’s investment policies;
 - Incentives for asset managers to make decisions based on medium to long term financial and non-financial performance assessments of an issuer of debt or equity and to engage with the issuer in order to improve performance over the medium to long term;
 - How the method and time horizon of the evaluation of an asset manager’s performance and the remuneration for their services are in line with the Trustee’s investment policies;
 - The monitoring of “portfolio turnover costs” incurred by the asset manager and how the trustees define and monitor targeted portfolio or turnover range; and
 - The duration of the arrangement with the asset manager.

The previous version of the SIP had been in existence since April 2020, meaning each version of the SIP was relevant during different parts of the reporting year.

Investment-related activity during the reporting year

The Plan’s SIP was reviewed in September 2020, as outlined in the previous section. This review was in light of new regulations which took effect from 1 October 2020, which required trustees of all schemes to update their SIPs to address stewardship in more detail, and explain the incentives they use to encourage their investment managers to align their investment strategy with the trustees’ policies and to ensure that decisions are based on long term performance. During the year, the Trustees received semi-annual Governance reports from the Investment Advisor, XPS. These detail asset valuations at quarter end, any significant cashflows that occurred over the period, and performance details of the each fund the Scheme is invested in. There were no material changes made to the investment policy of the Plan over the year in question.

In January 2020, the Trustee agreed CMA objectives with XPS Investment and submitted a compliance certificate in January 2021. This confirmed that the Trustee will be carrying out a regular assessment of their Investment Consultants. The Trustees have set XPS the objective of monitor the performance of the scheme's investment strategies and also the performance of the scheme's investment managers on a regular (semi-annual) basis.

The Trustees' investment policies

The Trustees have various investment policies for the Scheme on the topics listed in the table below; the table also provides commentary on how and the extent to which the various policies were followed during the reporting year.

Policy	How the policy was followed	The extent to which the policy was followed
Exercise of rights (including voting rights) attaching to investments	The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the Investment Manager and the managers of the underlying funds.	The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements (See voting section).
Undertaking of engagement activities in respect of the investments	The Trustees encourage the Investment Manager to engage with investee companies and funds and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks (including climate change), social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Manager to report on significant votes made on behalf of the Trustees.	The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements (See voting section).
Incentives for asset managers to align their investment strategy and decisions with the Trustees' investment policies	The Investment Manager is incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Manager for the Plan's investment strategy is dependent upon them doing so. The Investment Manager is therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations.	The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements.
Incentives for asset managers to make decisions based on medium to long term financial and non-financial performance assessments of an issuer of debt or equity and to engage with the issuer in order to improve performance over the medium to long term	The Trustees encourage the Investment Manager to make decisions in the long-term interests of the Plan. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights on the basis that such engagement can be expected to help the Investment Manager to mitigate risk and improve long term returns.	The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements.

	<p>The Trustees also require the Investment Manager to take ESG factors and climate change risks into consideration within their decision-making, where possible, as the Trustees believe these factors could have a material financial impact in the long-term.</p>	
<p>How the method and time horizon of the evaluation of an asset manager's performance and the remuneration for their services are in line with the Trustees' investment policies</p>	<p>The Trustees receive regular performance monitoring reports from the Investment Manager, which consider performance over the quarter, one year and three-year periods, and since inception. In addition, XPS Investment provide semi-annual governance reports to review the performance of the Investment over the short and longer terms. Monitoring over the longer term, in this way, is particularly aligned with the Trustees taking a long term perspective on investment performance. This monitoring helps to determine the Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review.</p> <p>The Trustees monitor the investment manager's fees as part of the semi-annual governance reports provide by XPS Investment. The Trustees are therefore regularly reminded of the additional importance to be attributed to considering the Investment Manager's performance (both in terms of pure investment performance and the value provided in other governance aspects), when considering the Investment Manager's ongoing involvement with the Plan. If consideration is given to changing Investment Manager, the ongoing charging structure would become a higher priority.</p>	<p>The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements.</p>
<p>The monitoring of "portfolio turnover costs" incurred by the asset manager and how the Trustees define and monitor targeted portfolio or turnover range</p>	<p>The Trustees will consider monitoring turnover only when deemed appropriate in the context of their wider performance monitoring. The Trustees understand that the Investment Manager's performance is quoted net of turnover costs therefore these are not specifically monitored.</p>	<p>The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements.</p>
<p>The duration of the arrangement with the asset manager</p>	<p>The appointment of the Investment Manager is expected to be long-term, but the Trustees will review the appointment of the Investment Manager in accordance with their responsibilities.</p>	<p>There was no need to consider removing the investment managers during the year under review.</p>

	If the Trustees are not satisfied with the performance of the Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustees' requirements, they will remove the Investment Manager and appoint another.	
Delegating monitoring/management of ESG/climate change risks	The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan's Investment Managers. The Trustees require the Plan's Investment Managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.	The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements.
Approach to non-financial matters	Non-financial matters (such as member views) should not be taken into account in the selection, retention and realisation of investments.	The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements.

The Trustees conclude that the policies detailed in the relevant Statement(s) of Investment Principles have been followed during the reporting year.

Voting

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to equities, in UK and overseas markets. Investments in equities will also form part of the strategy for the multi-asset funds in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the investment manager organisations for the relevant funds is shown below.

Please note that the following voting data is sourced from the investment managers and so reference to 'I'/'We' is reference to the Investment Managers directly and not to the scheme Trustees.

Voting Information – Baillie Gifford Global Alpha Pension Fund

The manager voted on 96.41% of resolutions of which they were eligible out of 1338 eligible votes.

Investment Manager Client Consultation Policy on Voting

All voting decisions are made by our Governance & Sustainability team in conjunction with investment managers. We do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then we will engage with them on this. If a vote is particularly contentious, we may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Investment Manager Process to determine how to Vote

Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our Governance and Sustainability team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our Governance & Sustainability Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets.

How does this manager determine what constitutes a 'Significant' Vote?

The list below is not exhaustive, but exemplifies potentially significant voting situations:

- Baillie Gifford's holding had a material impact on the outcome of the meeting
- The resolution received 20% or more opposition and Baillie Gifford opposed
- Egregious remuneration
- Controversial equity issuance
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
- Where there has been a significant audit failing
- Where we have opposed mergers and acquisitions
- Where we have opposed the financial statements/annual report
- Where we have opposed the election of directors and executives.

Does the manager utilise a Proxy Voting System? If so, please detail

Whilst we are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies. We also have specialist proxy advisors in the Chinese and Indian markets to provide us with more nuanced market specific information.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
TESLA, INC.	Shareholder Resolution - Social	For	Fail
Tesla currently does not report on its grievance mechanism for employees or provide the racial, ethnic and gender breakdown of its workforce. We believe peers provide better disclosure of this information and have started to move away from the use of mandatory arbitration. We will continue to monitor this topic in our discussions with the company.			
TESLA, INC.	Shareholder Resolution - Governance	For	Pass
We supported this change at the 2019, and whilst it received over 99% support it did not pass because it failed to have two thirds of outstanding shares voted. On our pre-AGM call we discussed this resolution with the chair, Robyn Denholm, where we reiterated our support. We were pleased to see the resolution passed at the 2020 AGM.			
JUST EAT TAKEAWAY.COM N.V.	Remuneration - Policy	Against	Fail
The proposal failed to gain the required shareholder support to pass.			
PING AN INSURANCE (GROUP) COMPANY OF CHINA LTD	Elect Director(s)	Against	Pass
We feel it is important for the audit committee to be fully independent as we believe it prevents insiders from influencing the work and oversight of the committee and the work of the external auditors. We will continue to monitor progress.			
RIO TINTO PLC	Remuneration - Report	Against	Pass
We supported the remuneration policy but opposed the remuneration report. We were uncomfortable with the timing and use of bonus deductions last year, followed by the large LTIP pay-outs which were not subject to malus or clawback.			

Voting Information – Baillie Gifford Managed Pension Fund

The manager voted on 99.97% of resolutions of which they were eligible out of 2954 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Ashtead	Amendment of Share Capital	For	Pass
We have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment. We will monitor this at next years AGM.			
Just Eat Takeaway.com	Remuneration - Policy	Against	Fail
The proposal failed to gain the required shareholder support to pass.			
PT Bank Rakyat Indonesia	Director Related	Against	Pass
It was disclosed that the compliance director was dismissed due to failing the fit and proper assessment. This was determined by the regulators and the company was unable to provide further details of the reason why when we engaged with them. We will continue to engage with the company going forward to encourage better disclosure with regards to board members.			
Euromoney Institutional Investor Plc	Amendment of Share Capital	For	Pass
We have previously opposed the authority to issue two-thirds of issued share capital with pre-emption rights. However, we have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment.			
Euromoney Institutional Investor Plc	Amendment of Share Capital	For	Pass
We have previously opposed the authority to issue an additional 5% of issued share capital with pre-emption rights. However, we have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment.			

Voting Information – LGIM Diversified Fund

The manager voted on 98.68% of resolutions of which they were eligible out of 90870 eligible votes.

Investment Manager Client Consultation Policy on Voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

Does the manager utilise a Proxy Voting System? If so, please detail

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions

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

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Juawei Food Co., Ltd.	Resolution 1 Approve Report of the Board of Directors	Against	This resolution was approved by shareholders.
Unisplendour Co., Ltd.	Resolution 10.1 Elect Yu Yingtao as Director	LGIM voted against the resolution (management recommendation: for).	99.7% of shareholders supported the resolution.
Shopify Inc.	Resolution 1a Elect Director Tobias Luetke	Withhold	99.2% of shareholders supported the resolution.
Pioneer Natural Resources Company	Resolution 1k Elect Director Phoebe A. Wood	Against	89.5% of shareholders supported the resolution.
Pfizer Inc.	Resolution 1.2 Elect Director Albert Bourla	Against	94.1% of shareholders supported the resolution.

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress in respect of all the votes above.

Signed: _____, Chair of Trustees

Date: _____