

Implementation Statement for the year ended 30 June 2023 for the W.A. Fairhurst & Partners 1997 Retirement Plan

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the W.A. Fairhurst & Partners 1997 Retirement Plan (the "Plan") has followed the policies documented in its Statement of Investment Principles ('SIP') during the year ended 30 June 2023 ("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

The Plan's SIP was not updated in the reporting year. In September 2023, following the reporting year-end, the Trustee undertook a review and updated the SIP. The key changes made to the SIP as part of this review were as follows:

- > Updated wording on the objective of the default investment strategy.
- > Updated wording on fund descriptions, benchmarks and performance targets to make the characteristics and objectives of the funds offered to members (including the default option) clearer.
- > Removal of "Sponsor Risk" as a key risk for the Plan given the Sponsoring Employer has no liability for the DC member benefits.

Investment-related activity during the reporting year

During the year, the Trustee received semi-annual investment governance reports from the Plan's investment advisor. These reports detail asset valuations, cashflows that occurred over the period, and performance details of each fund members are invested in. The content of these reports was discussed by the Trustee as part of its regular meetings.

As part of the Trustee's ongoing governance monitoring, it met with Baillie Gifford in November 2022 to discuss the Plan's investment in the Baillie Gifford Managed Pension Fund and the Baillie Gifford Global Alpha Growth Fund. This was followed up with a further meeting in December 2023 (after the reporting year-end).

There were no material changes made to the Trustee's investment strategy for the Plan over the reporting year.

The Trustee's investment policies

The Trustee has various investment policies for the Plan, as set out in the SIP, 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 Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the investment managers of the underlying funds.	The Trustee is satisfied that it followed the policy to a sufficient extent under the existing investment arrangements.

<p>Undertaking of engagement activities in respect of the investments</p>	<p>The Trustee encourages the investment managers to engage with investee companies 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 Trustee requires the investment managers to report on significant votes made on behalf of the Trustee. Beyond the governance work currently undertaken, the Trustee believe that its approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustee has not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the investment managers.</p>	<p>The Trustee is satisfied that it followed the policy to a sufficient extent under the existing investment arrangements.</p>
<p>Incentives for asset managers to align their investment strategy and decisions with the Trustee's investment policies</p>	<p>The investment managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as part of the Plan's investment strategy is dependent upon them doing so. The investment managers are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustee's expectations.</p>	<p>The Trustee is satisfied that it followed the policy to a sufficient extent under the existing investment arrangements.</p>
<p>Incentives for investment 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</p>	<p>The Trustee encourages the investment managers to make decisions in the long-term interests of the Plan and its members. The Trustee expects 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 managers to mitigate risk and improve long term returns. The Trustee also require the investment managers to take ESG factors and climate change risks into consideration within their decision-making, where applicable, as the Trustee believes these factors could have a material financial impact in the long-term.</p>	<p>The Trustee is satisfied that it followed the policy to a sufficient extent under the existing investment arrangements.</p>
<p>How the method and time horizon of the evaluation of an investment manager's performance and the remuneration for their services are in line with the Trustee's investment policies</p>	<p>The Trustee receives regular performance monitoring reports from the investment managers which consider performance over the quarter, one, three and five-year periods, and since inception. In addition, XPS Investment provide semi-annual governance reports to review the performance of the investment managers. This monitoring helps to determine the investment managers' ongoing role in the Plan's investment strategy. If there are concerns, the Trustee may conduct a more in-depth review of a particular investment manager. The Trustee monitor the investment managers' fees as part of the semi-annual governance reports provide by XPS Investment.</p>	<p>The Trustee is satisfied that it followed the policy to a sufficient extent under the existing investment arrangements.</p> <p>The Trustee met with Baillie Gifford in November 2022 to discuss concerns around recent performance in the Managed Pension Fund.</p>

	The Trustee regularly monitors the fees charged by the investment managers, noting that the impact of fees can have a significant long-term cumulative impact on the value of members' assets. The Trustee may, from time to time, benchmark the fees paid to the investment manager to ensure they remain competitive, and the investment management services provided represent value for money.	
The monitoring of "portfolio turnover costs" incurred by the investment managers and how the Trustee defines and monitors targeted portfolio or turnover range	The Trustee will consider monitoring turnover only when deemed appropriate in the context of their wider performance monitoring. The Trustee understand that the investment manager performance is quoted net of turnover costs therefore this cost is not specifically monitored.	The Trustee is satisfied that it followed the policy to a sufficient extent under the existing investment arrangements.
The duration of the arrangement with the investment managers	The appointment of an investment manager is expected to be long-term, but the Trustee will review the appointment in accordance with their responsibilities. If the Trustee is not satisfied with the performance of an investment manager, they will ask the investment manager to take steps to rectify the situation. If the investment manager still does not meet the Trustee's requirements, they may remove the investment manager and appoint another.	The Trustee is satisfied that it followed the policy to a sufficient extent under the existing investment arrangements. The Trustee met with Baillie Gifford in November 2022 to discuss concerns around recent performance in the Managed Pension Fund.
Delegating monitoring/management of ESG/climate change risks	The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan's investment managers. The Trustee requires 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 Trustee is satisfied that it followed the policy to a sufficient extent under the existing investment arrangements.
Approach to non-financial matters	Non-financial matters (such as member ethical views) are not taken into account in the selection, retention and realisation of investments.	The Trustee is satisfied that it followed the policy to a sufficient extent under the existing investment arrangements.

The Trustee conclude that the policies detailed in the Plan's SIP have been followed during the reporting year.

Voting

The Trustee has 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 Plan has specific allocations to equities through the following funds:

- Baillie Gifford Managed Pension Fund
- Baillie Gifford Global Alpha Growth Fund
- Legal and General Investment Management ('LGIM') Diversified Fund

The following pages set out a summary of the voting behaviour and most significant votes cast by the two Baillie Gifford funds. The Trustee has not included details of the LGIM Diversified Fund due to the size of the investment in this fund being deemed immaterial in the context of the total size of the Plan (as at 30 June 2023 the value of assets in the LGIM Diversified Fund was c.£131k covering 2 members' benefits).

The Trustee has selected 5 significant votes per fund on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding. The Trustee has reviewed the rationale for significant votes provided by Baillie Gifford and is comfortable with the rationale provided, and that this is consistent with their policy.

Please note that the following voting data is sourced from Baillie Gifford and so reference to 'I'/'We' is reference to Baillie Gifford directly and not to the Trustee.

Baillie Gifford Global Alpha Growth Fund
The manager voted on 95% of resolutions of which they were eligible out of 1,263 eligible votes.
Investment Manager Client Consultation Policy on Voting
All voting decisions are made by our ESG 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 ESG 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 ESG 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
- Management resolutions that receive 20 per cent or more opposition in the prior year
- Egregious remuneration
- Controversial equity issuance
- Shareholder resolutions that received 20 per cent or more support from shareholders in the prior year
- Where there has been a significant audit failing
- Mergers and acquisitions
- Where we have opposed the financial statements/annual report
- Where we have opposed the election of directors and executives
- Where we identify material 'E' 'S' or 'G' issues that result in Baillie Gifford opposing management

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 of vote
TESLA, INC.	Shareholder Resolution - Social	For	The resolution was not passed
We supported the resolution requesting additional disclosure on the company's efforts to address harassment and discrimination in the workplace. We believe quantitative disclosure would help us understand and monitor the company's efforts.			
TESLA, INC.	Shareholder Resolution - Social	For	The resolution was not passed
We supported the resolution requesting a report on the impact of using mandatory arbitration in line with our voting approach in 2020 and 2021. We believe increased transparency would help us better understand the company's use of the practice and any implications for workplace practices and culture.			
ABIOMED, INC.	Elect Director	For	The resolution passed
We supported the election of a director who is a member of the Compensation Committee and received significant shareholder dissent due to concerns with executive compensation.			

WAYFAIR INC	Employee Equity Plan	Against	The resolution passed
<p>We opposed the extension of the omnibus Stock Plan due to concerns over several features, such as a repricing opportunity, eligibility of NEDs to receive options that could impair their independence, and potential cash buyouts. We communicated our concerns to the company before casting our vote.</p>			
MICROSOFT CORPORATION	Shareholder Resolution - Social	Against	The resolution was not passed
<p>We opposed a shareholder resolution requesting a report on the company's alignment between its hiring practices and public statements. We believe the company is being proactive in the work they are doing to implement the Fair Chance Business Pledge. We also think the company's current reporting is sufficient to enable shareholders to measure progress against commitments.</p>			

Baillie Gifford Managed Pension Fund

The manager voted on 97% of resolutions of which they were eligible out of 3,188 eligible votes.

Investment Manager Client Consultation Policy on Voting

All voting decisions are made by our ESG 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 ESG 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 ESG 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?

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

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Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result of vote
ABIOMED, INC.	Remuneration	Against	The resolution passed
<p>Prior to the AGM we had a call with Abiomed where we discussed the compensation plan and raised concerns. In particular the one year revenue target within the long term plan and the duplication of the revenue metric within the annual bonus and the long term plan. Subsequently we decided to oppose the compensation plan at the AGM. We hope our ongoing dialogue with Abiomed will encourage improvements to their approach to compensation so that we feel we can support in future.</p>			
PETROLEO BRASILEIRO S.A. - PETROBRAS	Elect Director(s)	Against	The resolution passed
<p>As is common in Brazil, we were being asked to either accept the management's slate of directors (put forward by the Brazilian federal government) or adopt cumulative voting for the election of board directors. We were also being asked to approve any subsequent amendments to the management's slate of directors following the submission of our votes. Given our ongoing concerns regarding the involvement of the Brazilian Federal Government in the corporate governance of Petrobras, we opposed this resolution.</p>			
WAYFAIR INC	Employee Equity Plan	Against	The resolution passed
<p>We opposed the extension of the omnibus Stock Plan due to concerns over several features, such as a repricing opportunity, eligibility of NEDs to receive options that could impair their independence, and potential cash buyouts. We communicated our concerns to the company before casting our vote.</p>			
MESOBLAST LTD	Employee Equity Plan	Against	The resolution passed
<p>We opposed two resolutions relating to the granting of options to non-executive directors, which we also opposed at last year's AGM. We informed the company that although we understand that this is a common practice for biopharmaceutical companies, we consider that options could distract non-executives from their obligation to remain independent.</p>			
PT BANK RAKYAT INDONESIA (PERSERO) TBK	Elect Director(s)	Against	The resolution passed
<p>We opposed the changes to the composition of the company's management due to lack of disclosure of the changes. Whilst this is common practice Indonesia, we are uncomfortable voting on a proposal where we do not have all the information to make an informed decision. We continue to encourage the board to disclose this information in advance of the AGM.</p>			

Signed: _____, Chair of Trustee

Date: _____