EC Harris Group Pension Scheme

Implementation Statement, covering the Scheme Year from 6 April 2022 to 5 April 2023

The Trustees of the EC Harris Group Pension Scheme (the "Scheme") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Sections 1 and 2 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

The Scheme's SIP dated July 2020 was in place for the whole of the Scheme Year. The SIP was subsequently updated after the Scheme Year end.

In preparing the Statement, the Trustees have had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The last time these policies were formally reviewed was July 2020 (when the SIP was last updated).

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustees took a number of steps to review the Scheme's existing managers and funds over the Scheme Year, as described in Section 2 (Voting and engagement) below.

2. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustees take ownership of the Scheme's stewardship by monitoring and engaging with managers. As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustees agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the Q1 2023 meeting, the Trustees discussed and agreed that climate change would be the Scheme's stewardship priority. This priority was selected as the Trustees believe that it reflects a key market-wide risk and is an area where good stewardship and engagement can improve long-term financial outcomes for the Scheme's members. The Trustees communicated these priorities to its managers after the Scheme Year end.

The Trustees regularly invite the Scheme's investment managers to present at Trustee meetings. Over the Scheme Year, the Trustees met with Ruffer and Baillie Gifford to discuss the Scheme's investments. Ahead of the presentations, the Trustees reviewed LCP's latest Environmental, Social, Governance (ESG) scores and view of each manager's responsible investment credentials. During the presentations, the Trustees asked several questions about the managers' voting and engagement practices and were satisfied with the answers they received.

For Ruffer in particular, The Trustees were keen to understand Ruffer's ESG risks in light of their allocation to energy companies. Ruffer explained that they prefer to invest in the energy companies that are going to be key drivers of change and decarbonisation over the coming years, rather than simply disinvesting from them now to reduce emissions.

At the Q2 2022 Trustee Meeting, LCP provided the Trustees with a Responsible Investment scoring for the investment managers, following the results of LCP's 2022 Responsible Investment Survey. Overall, the Scheme's managers scored highly and LCP had no significant concerns. This survey is carried out every other year so the

Trustees plan to review the results of the next survey in 2024. LCP recommended that the Trustees continue to question all investment managers on their Responsible Investment practices as part of future presentations at Trustees' meetings. The Trustees monitor the Responsible Investment scores of the Scheme's investment managers on a quarterly basis.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year.

In this section the Trustees have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Scheme's funds that held equities as follows:

- Baillie Gifford Multi Asset Growth Fund (fully disinvested in mid-March 2023);
- Pyrford Global Total Return Fund; and
- Ruffer Absolute Return Fund.

We have also included commentary on the following funds, provided by the Scheme's asset managers who don't hold listed equities, but invest in assets that may have had voting opportunities during the period:

- Alcentra European Direct Lending Fund III;
- Arcmont Direct Lending Fund III; and
- Newton Global Dynamic Bond Fund.

Note that we have excluded the Columbia Threadneedle UK Equity-Linked Gilt Fund and Columbia Threadneedle Overseas Equity-Linked UK Gilts Fund since their equity components consist of synthetic exposure gained through futures contracts, rather than physical equity holdings (therefore they do not hold voting rights on the equities).

3.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which the managers have in place. The Trustees will monitor the voting policies of the Scheme's investment managers as part of the annual Implementation Statement, to ensure that they align with the Scheme's agreed stewardship priority (climate change).

The following wording was provided by Baillie Gifford, Pyrford and Ruffer to describe their respective voting processes:

Baillie Gifford

Baillie Gifford takes an investment-led approach to voting, understanding that its voting behaviour is an important part of the long-term investment process, which is why its strong preference is to be given the voting responsibility by its clients. The ability to vote on its clients' shares also strengthens its position when engaging with investee companies. Baillie Gifford's Governance and Sustainability team oversees its voting analysis and execution in conjunction with its investment managers.

Baillie Gifford does not regularly engage with clients prior to submitting votes for its pooled clients, however if a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this.

Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (including Institutional Shareholder Services (ISS) and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote on its clients' shares. Baillie Gifford analyses all meetings in-house, in line with its Governance & Sustainability Principles and Guidelines, seeking to vote on every one of its clients' holdings in all markets. It also has specialist proxy advisors in the Chinese and Indian markets to provide more nuanced market specific information.

Pyrford

Pyrford's voting policy reflects the issues that it considers important in making investments. Pyrford seeks to invest in well financed companies with a strong management team and sound strategy which is capable of delivering attractive earnings and dividend growth over the long term. This practice will involve the active consideration of all relevant and material factors pertaining to ESG issues. Pyrford's policy is to consider every resolution individually and to vote on each issue. The sole criterion for reaching these voting decisions is being in the best interests of the client. This is part of Pyrford's broader fiduciary responsibility to its clients.

Pyrford does not consult with clients prior to voting, however, are always happy to hear its clients' views on upcoming votes.

Pyrford has appointed ISS Proxy Voting Services to monitor meetings data and to produce a voting schedule based upon individual client proxy voting guidelines, or Pyrford's guidelines where a client does not provide their own. While it considers ISS to be providing a 'proxy adviser' service, Pyrford's portfolio managers have the final authority to decide on how votes are cast in line with the relevant guidelines.

Pyrford believes that all proxy votes are important and aim to vote on all ballots received on behalf of its clients. All votes are reviewed by Pyrford's ESG Forum on a quarterly basis.

Pyrford does not have specific climate-related voting guidelines in its policy, though there are a number of guidelines framed to steer companies towards improving the sustainability of their operations. As signatories to the Net Zero Asset Managers Initiative (NZAMI), Pyrford's voting will increasingly focus on encouraging companies to develop their own net zero policies.

Ruffer

It is Ruffer's policy to vote on Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) resolutions, including shareholder resolutions, as well as corporate actions. Ruffer endeavours to vote on the vast majority of its holdings but it retains discretion to not vote when it is in its clients' best interests (for example in markets where share blocking applies). Ruffer votes on its total shareholding of the companies held within its flagship funds. Voting on companies not held within these funds is subject to materiality considerations. Ruffer applies this policy to both domestic and international shares, reflecting the global nature of its investment approach.

To apply this policy, Ruffer works with various industry standards, organisations and initiatives and actively participate in debates within the industry, promoting the principles of active ownership and responsible investment. For example, Ruffer are signatories to the Principles for Responsible Investment (PRI), participate in several working groups at the Investment Association and, through its commitment to Climate Action 100+, have co-filed resolutions where Ruffer felt this was the most appropriate course of action.

Ruffer also has a specific section under it's voting policy regarding climate change, specifically that it would support shareholder proposals for climate change reporting in line with the Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) and/or Task Force on Nature related Financial Disclosures (TNFD).

3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below. Voting data is for the year ending 31 March 2023, the value of Scheme assets is as at 5 April 2023.

Please note that % voting data may not sum to 100% due to rounding.

	Baillie Gifford	Pyrford	Ruffer
Fund name	Baillie Gifford Multi Asset Growth Fund	Pyrford Global Total Return Fund	Ruffer Absolute Return Fund
Total size of fund at end of the Scheme Year	c.£1.0bn	c.£1.5bn	c.£4.6bn
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£0.0m (Disinvested March 2023)	c.£10.1m (c.13.6% of assets)	c.£11.2m (c.15.0% of assets)
Number of equity holdings at end of the Scheme Year	41	62	65
Number of meetings eligible to vote	84	64	77

Number of resolutions eligible to vote	885	1,015	1,305
% of resolutions voted	97.0	90.9	100.0
Of the resolutions on which voted, % voted with management	95.0	95.0	94.2
Of the resolutions on which voted, % voted against management	4.0	5.0	5.7
Of the resolutions on which voted, % abstained from voting	1.0	0.0	0.1
Of the meetings in which the manager voted, % with at least one vote against management	24.0	39.1	41.6
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	n/a	1.4	7.1

3.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below. The Trustees have reported on the significant votes that were most relevant to its stewardship priorities.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have retrospectively created a shortlist of most significant votes. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustees believe that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustees have largely interpreted "significant votes" to mean those that are relevant to the Scheme's stewardship priority (climate change).

Baillie Gifford

None of the votes which Baillie Gifford classed as "most significant" were related to the Scheme's stewardship priority of climate change. As such, we report below a subset of Baillie Gifford's "most significant" votes which we believe to be of most interest to the Trustees:

- **Royal Caribbean Cruises Limited, June 2022**

  Summary of resolution: Appoint/pay auditors

  Approx size of the holding at the date of the vote: 0.07%

  Why this vote is considered to be most significant: This resolution is significant because Baillie Gifford opposed the election of auditors.

  Fund manager vote: Against

  Rationale: Baillie Gifford opposed the appointment of the external auditor due to concerns with the length of tenure. The existing auditor has been in place since 1989, and Baillie Gifford had previously raised this excessive tenure with the company. As no change in auditor has taken place, it chose to oppose.

  Was the vote communicated to the company ahead of the vote: Yes

  Outcome of the vote and next steps: Passed.

- **Lyft, Inc, June 2022**

  Summary of resolution: Shareholder Resolution - Social

  Approx size of the holding at the date of the vote: 0.04%

  Why this vote is considered to be most significant: This resolution is significant because it was submitted by shareholders and received greater than 20% support.

  Fund manager vote: For

  Rationale: Baillie Gifford supported a shareholder proposal requesting further reporting on lobbying activities as it believes the company can make further improvements in this area. In response to the high level of support last year, Lyft has updated its policy on lobbying to add information on board oversight, management governance and a brief trade association policy but it does not meet the oversight and disclosure standard set out by the proponents since it does not provide any information on lobbying expenditures, a list of all trade association memberships and dues or lobbying expenditures made by those associations using Lyft funds. Therefore, Baillie Gifford believes Lyft can go further with disclosures.

  Was the vote communicated to the company ahead of the vote: No

  Outcome of the vote and next steps: Failed. Baillie Gifford no longer holds Lyft Inc in the portfolio therefore no further engagement on these points will be taken.

- **Duke Realty Corporation, September 2022**

  Summary of resolution: Remuneration

  Approx size of the holding at the date of the vote: 1.71%

  Why this vote is considered to be most significant: This resolution is significant because it was submitted by shareholders and received greater than 20% support.

  Fund manager vote: Against

  Rationale: Baillie Gifford opposed the advisory proposal to approve executive compensation to be paid in connection with the company merger. While Baillie Gifford were supportive of the proposed merger with Prologis, it was uncomfortable with the compensation arrangements planned for Duke Realty NEOs in connection with the merger and therefore opposed this resolution, which ultimately received 91.64% dissent from shareholders.

  Was the vote communicated to the company ahead of the vote: Yes

  Outcome of the vote and next steps: Failed. Baillie Gifford unsuccessfully attempted to engage the company on its approach to compensation at this year's AGM and will continue its efforts to do so going forward.

Pyrford

Only one of the votes which Pyrford classed as “most significant” were related to the Scheme’s stewardship priority of climate change. As such, we also report some of Pyrford’s “most significant” votes which we believe to be of most interest to the Trustees:

- **BP Plc, May 2022**

  Summary of resolution: Approve Shareholder Resolution on Climate Change Targets

  Approx size of the holding at the date of the vote: 0.96%

  Why this vote is considered to be most significant: Pyrford deemed this significant as it believed that the outcome could have a meaningful impact on shareholder returns over its five-year investment horizon and/or could have a bearing on the decision to continue holding a stock

  Fund manager vote: Against

Rationale: Pyrford voted against this shareholder proposal (with management's recommendation) as they believe BP have suitable targets in place already and that these were already industry targets to address climate change. BP claim approval of the resolution would be disruptive to the current strategy and confuse the company's journey through the Energy Transition. These included the goal of hydrocarbon production to be 40% lower by 2030 versus 2019. These were progressive not just by the standards of US Energy companies but in terms of European peers as well.

Was the vote communicated to the company ahead of the vote: No

Outcome of the vote and next steps: Failed. Where it is deemed necessary to follow up, Pyrford's portfolio managers will do so directly through a process of direct engagement with the company. In most cases, follow up is not required.

- **Texas Instruments Inc, April 2022**

  Summary of resolution: Reduce Ownership Threshold for Shareholders to Call Special Meeting

  Approx size of the holding at the date of the vote: 0.39%

  Why this vote is considered to be most significant: Pyrford deemed this significant as it believed that the outcome could have a meaningful impact on shareholder returns over its five-year investment horizon and/or could have a bearing on the decision to continue holding a stock.

  Fund manager vote: For

  Rationale: A vote for this proposal (against management's recommendation) was warranted, as lowering the threshold to call special meetings would enhance the rights of shareholders.

  Was the vote communicated to the company ahead of the vote: No

  Outcome of the vote and next steps: Failed. Where it is deemed necessary to follow up, Pyrford's portfolio managers will do so directly through a process of direct engagement with the company. In most cases, follow up is not required.

- **ComfortDelgro Corporation Limited, April 2022**

  Summary of resolution: Approve Auditor and Authorize Board to Fix Their Remuneration

  Approx size of the holding at the date of the vote: 0.74%

  Why this vote is considered to be most significant: Pyrford deemed this significant as it believed that the outcome could have a meaningful impact on shareholder returns over its five-year investment horizon and/or could have a bearing on the decision to continue holding a stock.

  Fund manager vote: Against

  Rationale: A vote against this proposal (against management's recommendation) was warranted given that the non-audit fees exceeded the total audit fees paid to the company's audit firm in the latest fiscal year, without satisfactory explanation.

  Was the vote communicated to the company ahead of the vote: No

  Outcome of the vote and next steps: Failed. The Chairman expressed his disappointment with the results of the votes for the reappointment of the Company's auditors. The Company's Board and Management would be commencing the selection process immediately for a new auditor, and would convene an extraordinary general meeting for shareholders to vote on the appointment of the new auditors in due course.

Ruffer

Below we report some of Ruffer's "most significant" votes:

- **Equinor ASA, May 2022**

Summary of resolution: Approve Company's Energy Transition Plan

Approx size of the holding at the date of the vote: 0.54%

Why this vote is considered to be most significant: Ruffer deemed this vote significant because it voted against the recommendation of its proxy advisor and it believed the vote would be of particular interest to its clients.

Fund manager vote: For

Rationale: Ruffer voted for the transition plan because it was supportive of Equinor's efforts to decarbonise. Ruffer had engaged with the company and discussed their plan and decided it was in the interest of the fund's investors.

Was the vote communicated to the company ahead of the vote: Yes

Outcome of the vote and next steps: Passed. Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.

- **Barclays Plc, May 2022**

  Summary of resolution: Approve Barclays' Climate Strategy, Targets and Progress

  Approx size of the holding at the date of the vote: 0.04%

  Why this vote is considered to be most significant: Ruffer believed the issue being voted on was important to its clients.

  Fund manager vote: For

  Rationale: During the 18 months prior to the vote Ruffer had a number of meetings with Barclays with respect to their climate strategy, existing targets, data analysis and the plans for setting new targets on a number of new sectors. Whilst there are certain elements of the resolution that were unsatisfactory, Ruffer were satisfied that overall the proposal marked sufficient progress.

  Was the vote communicated to the company ahead of the vote: Yes

  Outcome of the vote and next steps: Passed. Ruffer will continue to support management resolutions aimed to increase the transparency of the company's climate transition planning and outcomes. It has a list of follow up questions which it has used as a basis continuing of its engagement with Barclays on these issues.

- **Exxon Mobil, May 2022**

  Summary of resolution: Approve Shareholder Resolution on Climate Change Targets

  Approx size of the holding at the date of the vote: 0.21%

  Why this vote is considered to be most significant: Ruffer believed the issue being voted on was important to its clients.

  Fund manager vote: Against

  Rationale: Exxon have already set targets that Ruffer believe are consistent with the Paris Agreement for Scope 1 and Scope 2 emissions but not Scope 3. Including Scope 3 targets would force the company to sell major emitting assets that it would not be able to manage phasing them out.

  Was the vote communicated to the company ahead of the vote: No

  Outcome of the vote and next steps: Failed. Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives which are currently in place. Ruffer will vote against shareholder resolutions which it deems to be unnecessary.

3.4 Votes in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers who don't hold listed equities, but invest in assets that had voting opportunities during the Scheme Year:

Alcentra – European Direct Lending Fund III

As a credit manager, voting is not material within the context of our activities. The number of occasions when Alcentra will be engaged in proxy voting will be limited. It is most likely to occur with high yield bond investments, where an allocation may take on formal voting rights. In such instances, Alcentra uses the opportunity to vote on matters concerning governance and corporate responsibility, applying consistent policies and processes for voting across all instruments and geographies.

Alcentra generally will not be called upon to vote proxies for its syndicated loan and private credit investments because of the nature of the instruments involved in the investment strategy (i.e. loans rather than securities). An exception is when Alcentra may hold loan investments which could be converted to voting securities. Proxy votes are also not generally conducted for corporate bonds. In addition, proxy votes may take place from time to time on structured credit investments where our fund holds the equity tranche.

When engaged by a client to provide discretionary advisory services, Alcentra is typically delegated the responsibility to vote on matters considered at portfolio companies' shareholder meetings, usually by means of a proxy ballot ("proxy voting"). In these instances, Alcentra has a duty to monitor corporate events and to vote proxies in the best interest of its client and not subrogate the interests of its clients to its own interests. This generally means voting with a view toward enhancing the economic value of the investment.

When it has voting responsibility, Alcentra will make every attempt to vote when given an opportunity to do so. However, there may be instances when the Firm is unable or unwilling to vote because of legal or operational difficulties or because it believes the administrative burden and/or associated cost exceeds the expected benefit to a client. Alcentra reviews the circumstances for each vote to determine which stance would best serve its clients and votes accordingly.

Arcmont – Direct Lending Fund III

Given that Arcmont is a private debt asset manager, there is limited scope to participate in voting activities. Due to this, Arcmont does not have a formal voting policy or track voting activities.

Note that Arcmont may be able to vote in limited instances where:

- investments take on an equity element and they are assigned voting board seats; or
- in the rare circumstances that Arcmont becomes a majority shareholder of the business. However, at the levels of co-investment that Arcmont participates in, and in the current market conditions, Arcmont is typically only granted votes on economic protections and structural changes to the equity, e.g. if a new class of shares is to be issued and Arcmont is diluted.

Newton – Global Dynamic Bond Fund

There were voting opportunities for two holdings within the fund (iShares $ Corp Bond UCITS ETF and BlackRock Global Funds Asian High Yield Bond Fund). Newton voted in line with management of the funds and no votes were deemed significant.