

Implementation Statement, covering the Scheme Year from 1 January 2022 to 31 December 2022

The Trustee of the Unipart Group Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 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.

In preparing the Statement, the Trustee has 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 Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year. The Trustee has a responsible investment framework that is reviewed on an annual basis. The framework outlines the Trustee’s policy on responsible investment and how the Trustee manages environmental, social and governance (ESG) and stewardship risks.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The key policy is: [Ruffer voting policy](#). However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers as detailed below.

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 Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the Q4 2022 meeting, the Trustee discussed and agreed stewardship priorities for the Scheme. which were: Climate Change and Human Rights.

These priorities were selected because they align well with the Sponsor’s own policies and priorities. The Trustee will communicate these priorities to its managers over the course of 2023.

The Trustee regularly invites the Scheme’s investment managers to present at Trustee meetings. Over the Scheme Year, the Trustee met with Partners Group, Payden & Rygel, and Ruffer to discuss the Scheme’s investments.

The Trustee is 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 Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

The Trustee invested in a new pooled fund, the M&G Alpha Opportunities Fund in October 2022. In selecting and appointing this manager, the Trustee considered the stewardship and ESG credentials of the manager as part of the wider appointment decision.

3. Description of voting behaviour during the Scheme Year

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers’ voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee’s expectations.

The Trustee does have exposure to equity markets synthetically through its segregated account managed by Schroders, however there are no voting rights attached to these holdings.

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

- Ruffer LLP Absolute Return Fund

We have also included commentary (provided by the investment managers) on the following funds who do not hold listed equities, but invested in assets that had voting opportunities during the period:

- Alcentra European Direct Lending Fund III
- Alcentra Strategic Credit Fund I
- Arcmont Senior Loan Fund I
- CarVal Credit Value Fund IV
- CarVal Credit Value Fund V
- CBRE Global Alpha Fund
- Hayfin Direct Lending Fund II
- Hayfin Special Opportunities Fund II
- IFM Global Infrastructure Fund
- SVP Strategic Value Special Situations Fund IV
- SVP Strategic Value Special Situations Fund V

We have not included commentary on the following funds that the Scheme invested in during the period, which do not hold listed equities or where voting information is not available:

- GreenOak Secured Lending Fund III
- Innisfree PFI Secondary Fund
- Insight High Grade ABS Fund
- M&G Alpha Opportunities Fund
- Partners Group Direct Infrastructure Fund
- Payden & Rygel Absolute Return Bond Fund
- Schroders segregated index-linked gilts and structured equity assets

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

3.1.1 Alcentra

Alcentra provided the following wording to describe its voting practices:

As lenders, we typically do not participate in voting, but where we do have a representative on the board, we would exercise our influence through such roles. In the limited occasions where we have equity holdings, we engage with the management team directly as well as via the board.

Loan and bond investments generally do not confer creditors voting rights unlike for equity holders. Where Alcentra has minority equity interests in deals it frequently isn't asked to vote as the corporate documents are set-up so that the sponsor can pass any shareholder resolutions needed without its participation in any event. Alcentra's rights are also usually limited to certain minority protections. Where Alcentra owns companies it exercises control by including language in the deal documentation requiring the board to seek investor consent for matters that it wants to approve as the manager. This is usually done via the Alcentra investor representative on the board (where relevant) rather than having a formal shareholder vote. Where voting rights exist, Alcentra will

utilise these to demonstrate its support for initiatives that benefit its end investors in accordance with a firm-wide commitment to furthering the development of ESG and honouring its position as signatories to bodies such as UN PRI and TCFD.

3.1.2 Arcmont

Arcmont provided the following wording to describe its voting practices:

In terms of voting rights, Arcmont may be able to vote in limited instances where investments take on an equity element and we are granted shareholder voting rights. However, for the overwhelming majority of Arcmont's current equity positions, we only hold a minority stake in voting shares (0% - 20%) and, given our votes are not required to pass shareholders' resolutions, we are not typically consulted on matters being put to shareholder vote, including ESG matters. From a commercial perspective, we instead rely on our negotiation of market-standard minority shareholder protections, which are essentially designed to ensure that we are treated in the same way as the majority shareholder, despite not voting our shares.

3.1.3 CarVal

CarVal provided the following wording to describe its voting practices:

To the extent that opportunities to participate in proxy voting arise, CarVal will use its voting rights in respect of matters of corporate responsibility and governance. CarVal's Proxy Voting Policy aims to clarify CarVal's process for voting proxies, ensure that CarVal votes proxies in the best interests of its funds, and establish procedures for responding to investor requests regarding proxy votes.

3.1.4 CBRE

CBRE provided the following wording to describe its voting practices:

CBRE Global Investment Partners manages indirect real estate strategies on behalf of separate accounts and pooled vehicles, such as Global Alpha, and will exercise voting on any relevant issues that may arise. The nature of the voting undertaken for the investments targeted differs from listed equities, being typically of an administrative nature or can relate to governance matters.

3.1.5 Hayfin

Hayfin provided the following wording to describe its voting practices:

Hayfin is a lender rather than an owner for the majority of our investments. Occasionally, Hayfin may become a shareholder of an investment due to a financial restructuring (but this would not be underpinning the investment thesis), but in those cases we would exercise control and voting would not be a concept. For further confirmation, Hayfin does not have a Proxy Voting Policy because it is not applicable for our asset class.

3.1.6 IFM

IFM provided the following wording to describe its voting practices:

While the primary focus of the IFM Global Infrastructure Fund (GIF) is to provide investors with exposure to a diversified portfolio of unlisted infrastructure assets, there are times where an opportunistic hold of a listed entity is an attractive complement to the unlisted portfolio. The acquisition of listed positions is generally motivated by gaining long-term strategic positions, with significant equity ownership, in attractive core infrastructure assets.

Currently listed exposures are confined to Vienna Airport and Naturgy Energy, making up a relatively small portion of the equity value (7.7% of portfolio NAV as at 30 September 2022).

With regards to the voting and engagement activities between GIF and the underlying portfolio companies, the underlying holdings of GIF are private equity investments rather than public market listed equities. Our influence on such investments is made directly by IFM through IFM's Board representation on the underlying portfolio companies rather than through any form of proxy voting.

Even for the listed assets in GIF, we hold board seats. Consequently, we do not need to vote our shares to influence the board; a senior executive in IFM's Infrastructure Team is on the board. This ensures we follow an

active ownership style. IFM has two board seats on the Vienna Airport Supervisory Board—Lars Bespolka (Executive Director, IFM Infrastructure Team) and Boris Schucht (IFM nominee, CEO of 50Hertz).

3.1.7 Ruffer

Ruffer provided the following wording to describe its voting practices:

It is Ruffer's policy to vote on Annual General Meeting and Extraordinary General Meeting resolutions, including shareholder resolutions, as well as corporate actions. We endeavour to vote on the vast majority of our holdings but we retain discretion to not vote when it is in our clients' best interests (for example in markets where share blocking applies).

To apply this policy, we work 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, we are signatories to the Principles for Responsible Investment, participate in several working groups at the Investment Association and, through our commitment to Climate Action 100+, have co-filed resolutions where we felt this was the most appropriate course of action.

3.1.8 SVP

SVP provided the following wording to describe its voting practices:

Regarding the PLSA voting data spreadsheet, given the nature of the Firm's debt-focused strategy, the firm infrequently holds securities for which proxy votes are required. Please refer to the Firm's Compliance Manual for a description of SVP's Proxy Voting policy. Please note that the Firm's Compliance Manual is subject to change without notice to you and that by viewing the Compliance Manual you disclaim any reliance upon it.

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.

	Ruffer LLP Absolute Return Fund
Total size of fund at end of reporting period	£4,243m
Value of Scheme assets at end of reporting period (£ / % of total assets)	c£19.4m / c5.4%
Number of holdings at end of reporting period	43
Number of meetings eligible to vote	83
Number of resolutions eligible to vote	1,456
% of resolutions voted	100%
Of the resolutions on which voted, % voted with management	94.3%
Of the resolutions on which voted, % voted against management	5.6%
Of the resolutions on which voted, % abstained from voting	0.1%
Of the meetings in which the manager voted, % with at least one vote against management	47.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	6.5%

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.

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 Trustee

did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria¹ for creating this shortlist.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- are shareholder resolutions which received material support;
- the subject of the resolution aligned with the investment manager's engagement priorities or key themes; and/or
- the Scheme or the sponsoring company may have a particular interest in.

The Trustee has reported on four of these significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

3.3.1 Ruffer LLP Absolute Return Fund

- **Equinor, Norway, May 2022**

Relevant stewardship priority: Climate Change

Vote cast: For resolution.

Outcome of the vote: Passed.

Management recommendation: Against resolution

Summary of resolution: Environmental – Approve company's energy transition plan

Rationale for the voting decision: *We voted for Equinor's transition plan because we are supportive of their efforts to decarbonise. Equinor is at the forefront of offshore wind developments and we have been impressed by their business success in that area. We have engaged with the company and discussed their plan and disagree with ISS's assessment. Equinor are one of few companies who have been profitable in aiming to decarbonise and we will support that.*

Approximate size of the fund's holding at the date of the vote (as % of portfolio): 0.54%

The reason the Trustee considered this vote to be "most significant": relates to a stewardship priority

Was the vote communicated to the company ahead of the vote: Yes, Ruffer engaged with the company ahead of the AGM.

Outcome and next steps: The outcome of the vote in line with Ruffer's vote. Ruffer will monitor how the company progresses and improves over time and continue to support credible energy transition strategies and initiatives.

- **Meta Platforms, USA, May 2022**

¹ [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.](#)

Relevant stewardship priority: Human Rights

Vote cast: For resolution

Outcome of the vote: Not passed

Management recommendation: Against resolution

Summary of resolution: Social – Publish Third Party Human Rights Impact Assessment

Rationale for the voting decision: *Facebook has received substantial media backlash over the use of its targeted advertising to discriminate against marginalized groups. Although the company has recently tightened its restrictions for targeting options, it still appears to be facing scrutiny on the topic. It has faced a number of legal risks due to lawsuits from the ACLU, HUD, FTC, and others. Given the large amount of company revenue that comes from advertisements, a third-party human rights impact assessment on the company's policies and practices related to targeted advertising could help shareholders assess Meta's management of human rights related risks.*

Approximate size of the fund's holding at the date of the vote (as % of portfolio): 0.29%

The reason the Trustee considered this vote to be "most significant": relates to a stewardship priority

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

Outcome and next steps: The outcome of the vote was not in line with Ruffer's vote. Ruffer will continue to vote on shareholder resolutions that affect transparency over diversity, ethnicity, and inclusion efforts.

- **BP Plc, United Kingdom, May 2022**

Relevant stewardship priority: Climate Change

Vote cast: For resolution

Outcome of the vote: Not passed

Management recommendation: For resolution

Summary of resolution: Environmental – Approve Shareholder Resolution on Climate Change Targets.

Rationale for the voting decision: *We voted in line with ISS and management. We have done extensive work on BP's work on the energy transition and climate change and we think they are industry leading. We support management in their effort to provide clean, reliable and affordable energy and therefore we voted against the shareholder resolution.*

Approximate size of the fund's holding at the date of the vote (as % of portfolio): 3.10%

The reason the Trustee considered this vote to be "most significant": relates to a stewardship priority

Was the vote communicated to the company ahead of the vote: Yes, Ruffer engaged with the company ahead of the AGM.

Outcome and next steps: The outcome of the vote was in line with Ruffer's vote. 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, and will vote against shareholder resolutions which deem as unnecessary.

- **Meta Platforms, USA, May 2022**

Relevant stewardship priority: Human Rights

Vote cast: For resolution

Outcome of the vote: Not passed

Management recommendation: Against resolution

Summary of resolution: Social – Provide report on Child sexual exploitation online

Rationale for the voting decision: *Facebook has experienced some recent controversy related to its alleged failure to catch hundreds of cases of child exploitation on its platform. There are also concerns that the company's plans to apply end-to-end encryption by default across its messaging platforms will severely hinder investigations of child predators. Although the company says that in some instances, Facebook Safety Advisory Board members are informed about future product launches in order to share their insights on the company's approach to safety before the products are released, the company does not provide indication that this includes the safety of end-to-end encryption technologies as they are developed. Given the potential financial and reputational impacts of potential controversies related to child exploitation on the company's platforms, shareholders would benefit from additional information on how the company is managing the risks related to child sexual exploitation, including risks associated with end-to end encryption technologies.*

Approximate size of the fund's holding at the date of the vote (as % of portfolio): 0.29%

The reason the Trustee considered this vote to be "most significant": relates to a stewardship priority

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

Outcome and next steps: The outcome of the vote was not in line with Ruffer's vote. Ruffer will continue to vote on shareholder resolutions that affect transparency over diversity, ethnicity, and inclusion efforts.