

Fellowes Limited Retirement Benefits Scheme Implementation Statement (forming part of the Trustees' annual report)

Fellowes Limited Retirement Benefits Scheme Implementation Statement Year Ending 5 April 2023

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Fellowes Limited Retirement Benefits Scheme
Scheme Year	6 April 2022 to 5 April 2023
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement reports on the extent to which, over the Scheme Year, the Trustees have followed their policy relating to the exercise of rights (including voting rights) attaching to the Scheme's investments. In addition, the Implementation Statement summarises the voting behaviour of the Scheme's investment managers and includes details of the most significant votes cast and the use of the services of proxy voting advisers.

In preparing this statement, the Trustees have considered guidance from the Department for Work & Pensions which was updated on 17 June 2022.

Fellows Limited Retirement Benefits Scheme Implementation Statement (forming part of the Trustees' annual report) (continued)

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme's DB Main Section invested in the following funds which included an allocation to equities:

- LGIM Future World Global Equity Index Fund
- LGIM Future World Global Equity Index Fund -GBP Hedged
- LGIM Diversified Fund
- BNY Mellon Real Return Fund

The Scheme's Additional Voluntary Contributions (AVC) and the Defined Contribution Sections were invested in the Prudential With-Profits Fund at the end of the year, which also has an allocation to equities.

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP. A summary of this wording is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.

Fellows Limited Retirement Benefits Scheme Implementation Statement (forming part of the Trustees' annual report) (continued)

- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- During the Scheme Year, the Trustees selected the LGIM Future World Global Equity Index Fund and the LGIM Future World Global Equity Index Fund - GBP Hedged. The Trustees considered the ESG characteristics of the funds before selecting them and this included consideration of the investment manager's approach towards the exercise of voting rights.
- In addition, during the Scheme Year, the Trustees introduced an allocation to the M&G Total Return Credit Investment Fund and a selection of the LGIM Buy & Maintain Credit Funds. The Trustees considered the ESG characteristics of the funds before selecting them but, because the funds do not include an allocation to equities, consideration of the exercise of voting rights was not relevant.
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 March 2022.
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment managers based on the period ending 31 March 2023* has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- All the investment managers used by the Scheme are UNPRI signatories.

**Note the voting analysis was over the year ending 31 March 2023 because this was the most recent data available at the time of preparing this statement. The Trustees is satisfied that the analysis provides a fair representation of the investment managers' voting approach over the Scheme Year.*

Fellows Limited Retirement Benefits Scheme Implementation Statement (forming part of the Trustees' annual report) (continued)

The Investment Managers' Voting Records

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against / withheld	Did not vote/ abstained
Newton	31,000	82%	16%	2%
LGIM	150,000	76%	23%	1%
M&G	48,000	89%	8%	3%

Notes

As BNY Mellon is part of Newton, we have shown the voting record for Newton in relation to the BNY Mellon Real Return Fund.

As Prudential is part of M&G, we have shown the voting record for M&G in relation to the Prudential With-Profits Fund.

These voting statistics are based on each manager's full voting record over the 12 months to 31 March 2023 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Newton	ISS	Only used in the case of a conflict of interest
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.
M&G	ISS and IVIS	Research provided by the proxy voting advisers but voting decisions always taken by M&G's Stewardship team.

Fellows Limited Retirement Benefits Scheme Implementation Statement (forming part of the Trustees' annual report) (continued)

The Investment Managers' Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management");
- the votes they cast in the year to 31 March 2023 on the most contested proposals in nine categories across the UK, the US and Europe;
- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment managers with their peers over the same period.

Further details of the approach adopted by the Trustees for assessing voting behaviour are provided in the Appendix.

The Trustees' key observations are set out below.

Voting in Significant Votes

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in nine separate categories. The Trustees consider votes to be more significant if they are closely contested, i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the nine categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustees considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Analysis of Voting Behaviour

LGIM

The manager's willingness to vote against management is consistent with the broad range of policies covered within its corporate governance documentation; each policy provides a set of criteria which can be used to justify a vote against management.

**Fellowes Limited Retirement Benefits Scheme
Implementation Statement (forming part of the Trustees' annual report)
(continued)**

It should also be noted that LGIM has supported shareholder proposals designed to tackle ESG issues and has held directors to account regarding their energy transition proposals (proposals setting out how greenhouse gas emissions will be reduced).

The Trustees have no concerns regarding LGIM's voting record.

M&G

The Trustees have no concerns regarding the M&G's voting record.

The manager has demonstrated a willingness to vote against management on a broad range of issues and has generally not supported proposals that the majority of other shareholders have opposed.

M&G has also supported shareholder proposals aimed at tackling ESG issues.

Newton (Fund manager of the BNY Mellon Real Return Fund)

From the director proposals which have been analysed, Newton has demonstrated a willingness to vote against management on a broad range of issues. They have taken a particularly strong stance on executive pay.

Newton has also shown a willingness to use its voting rights to support shareholders bringing proposals, including votes related to ESG issues.

The Trustees have no concerns regarding Newton's voting record.

Conclusion

Based on the analysis undertaken, the Trustees have no material concerns regarding the voting records of LGIM, Newton or M&G.

The Trustees will keep the voting actions of the investment managers under review.

Andrew Laming Date: 31/10/2023

Signed on behalf of the Trustees of the Fellowes Limited Retirement Benefits Scheme

Fellows Limited Retirement Benefits Scheme Implementation Statement (forming part of the Trustees' annual report) (continued)

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LGIM	Newton	M&G
Audit & Reporting							
W. R. BERKLEY CORPORATION	15/06/2022	Re-appoint KPMG LLP as Auditors	50	50	Against	Not held	Against
TOPPS TILES PLC	18/01/2023	Appoint Mazars as the Auditors	63	37	Not held	Not held	For
PALACE CAPITAL PLC	29/07/2022	Receive the Annual Report	68	31	Not held	Not held	For
MODERNA INC	28/04/2022	Appoint the Auditors	75	24	Against	Not held	Against
INVESCO PERPETUAL UK SMALLER COMPANIES	09/06/2022	Re-appoint Ernst & Young LLP as the auditor of the Company	76	24	Not held	Not held	For
Shareholder Capital & Rights							
TULLOW OIL PLC	25/05/2022	Issue Shares for Cash	56	44	For	Not held	For
PLAYTECH PLC	30/06/2022	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other	58	42	Not held	Not held	Against
		Issue Shares with Pre-emption Rights					
TOPPS TILES PLC	18/01/2023		63	37	Not held	Not held	For
PALACE CAPITAL PLC	29/07/2022	Issue Shares with Pre-emption Rights	62	37	Not held	Not held	For
FERRARI NV	13/04/2022	Grant Board Authority to Issue Special Voting Shares	71	29	Against	Not held	For
Pay & Remuneration							
THE COCA-COLA COMPANY	26/04/2022	Advisory Vote on Executive Compensation	50	49	Against	Not held	For
THE TIX COMPANIES INC	07/06/2022	Advisory Vote on Executive Compensation	48	49	Against	Not held	Against
ORANGE S.A	19/05/2022	Approve Remuneration Policy of Chairman and CEO, CEO and Vice-CEOs	50	49	Against	Not held	Against
TRANSIDIGM GROUP INCORPORATED	12/07/2022	Advisory Vote on Executive Compensation	51	48	Against	Not held	Against
HENRY SCHEIN INC	18/05/2022	Advisory Vote on Executive Compensation	51	48	Against	Not held	Against
Constitution of Company, Board & Advisers							
INTEL CORPORATION	12/05/2022	Elect Alyse Henry - Non-Executive Director	50	49	Against	Not held	For
MOTOROLA SOLUTIONS INC.	17/05/2022	Elect Egon P. Durban - Non-Executive Director	51	49	Not held	Not held	For
M&T BANK CORPORATION	25/04/2022	Elect John R. Scanzelli - Non-Executive Director	51	49	Against	Not held	Not held
CARRIER GLOBAL CORP	14/04/2022	Elect David Gilkin - Chair & Chief Executive	52	48	Against	Not held	For
CENTENE CORP	26/04/2022	Right to Call Special Meeting	47	53	Against	Not held	Not held
Merger, Acquisition, Sales & Finance							
FORESIGHT GROUP HOLDINGS LIMITED	10/08/2022	Approve the Waiver of Rule 9	53	47	Not held	Not held	Abstain
BALTIC CLASSIFIEDS GROUP PLC	28/09/2022	Approve Waiver of Rule 9 of the Takeover Code	66	34	Not held	Not held	For
LUCECO PLC	12/05/2022	Approve Waiver of Rule 9 of the Takeover Code	74	26	Not held	Not held	Against
		Authorise Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer					
BOUYGUES SA	28/04/2022		76	24	Against	Not held	For
DASSAULT SYSTEMES SE	19/05/2022	Delegate Power to the Board to Carry Spin-Off Agreements	78	22	Against	Not held	For
Climate Related Resolutions							
GLENCORE PLC	28/04/2022	Climate Progress Report	76	24	Against	Not held	Against
M&G PLC	25/05/2022	Approve Climate Transition Plan and Climate-Related Financial Disclosure	78	20	Against	Not held	Do not vote
CENTRICA PLC	07/06/2022	Approve Climate Transition Plan	79	20	For	Not held	For
Royal Dutch Shell	24/05/2022	Approve the Shell Energy Transition Progress	77	19	Against	Not held	For
UNITED UTILITIES GROUP PLC	22/07/2022	Approve Climate-Related Financial Disclosures	80	19	Not held	Not held	For
Other Company Resolutions							
TOPPS TILES PLC	18/01/2023	Meeting Notification-related Proposal	63	37	Not held	Not held	For
INVESTEC PLC	04/08/2022	Investec plc: Approve Political Donations	70	29	For	Not held	For
LIONTRUST ASSET MANAGEMENT	22/09/2022	Meeting Notification-related Proposal	66	24	Against	Not held	For
DWF GROUP PLC	28/09/2022	Approve Political Donations	79	19	Not held	Not held	Not held
QUILTER PLC	12/05/2022	Approve Political Donations	82	18	Not held	Not held	For
Governance & Other Shareholder Resolutions							
ABBVIE INC	06/05/2022	Shareholder Resolution: Submit Severance Agreement (Change-In-Control) to	50	49	For	Not held	For
NORTHROP GRUMMAN CORPORATION	18/05/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	For	Not held	Not held
APPLIED MATERIALS INC.	09/03/2023	Shareholder Resolution: Right to Call Special Meetings	50	50	For	Not held	For
GLOBAL PAYMENTS INC	28/04/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	For	Not held	For
INTERCONTINENTAL EXCHANGE, INC.	13/05/2022	Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call	49	50	Not held	Not held	For
Environmental & Socially Focussed Shareholder Resolutions							
PHILLIPS 66	11/05/2022	Shareholder Resolution: Report on Reducing Plastic Pollution	50	49	For	Not held	For
STARBUCKS CORPORATION	23/03/2023	Shareholder Resolution: Assessment of Worker Rights	51	47	For	Not held	For
AMAZON.COM INC.	25/05/2022	Shareholder Resolution: Report on Efforts to Reduce Plastic Use	49	51	For	For	For
		Shareholder Resolution: Oversee and Report on a Racial Equity Audit					
MONDELEZ INTERNATIONAL INC	18/05/2022		48	51	Not held	Not held	For
AMERICAN WATER WORKS COMPANY INC.	11/05/2022	Shareholder Resolution: Report on Third-Party Racial Equity Audit	47	50	For	Not held	For

Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.

Fellows Limited Retirement Benefits Scheme Implementation Statement (forming part of the Trustees' annual report) (continued)

Methodology for Determining Significant Votes

The methodology used to identify significant votes for this statement uses an objective measure of significance: the extent to which a vote was contested - with the most Significant Votes being those which were most closely contested.

The Trustees believe that this is a good measure of significance because, firstly, a vote is likely to be contentious if it is finely balanced, and secondly, in voting on the Trustees' behalf in a finely balanced vote, an investment manager's action will have more bearing on the outcome.

If the analysis was to rely solely on identifying closely contested votes, there is a chance many votes would be on similar topics which would not help to assess an investment manager's entire voting record. Therefore, the assessment incorporates a thematic approach; splitting votes into nine separate categories and then identifying the most closely contested votes in each of those categories.

A consequence of this approach is that the total number of Significant Votes is large. This is helpful for assessing an investment manager's voting record in detail but it presents a challenge when summarising the Significant Votes in this statement. Therefore, for practical purposes, the table on the previous page only includes summary information on each of the Significant Votes.

Trustees have not provided the following information which DWP's guidance suggests could be included in an Implementation Statement:

- Approximate size of the Scheme's holding in the company as at the date of the vote.
- If the vote was against management, whether this intention was communicated by the investment manager to the company ahead of the vote.
- An explanation of the rationale for the voting decision, particularly where: there was a vote against the board; there were votes against shareholder resolutions; a vote was withheld; or the vote was not in line with voting policy.
- Next steps, including whether the investment manager intends to escalate stewardship efforts.

The Trustees is satisfied that the approach used ensures that the analysis covers a broad range of themes and that this increases the likelihood of identifying concerns about an investment manager's voting behaviour. The Trustees' have concluded that this approach provides a more informative assessment of an investment manager's overall voting approach than would be achieved by analysing a smaller number of votes in greater detail.

The Trustees' primary objective remains to ensure that the assets are sufficient to pay benefits over the long term. The Trustees regularly review the appropriateness of the Scheme's assets to ensure that they remain consistent with this primary objective. The Trustees' view is that over the long term environmental factors have the potential to have a material impact on the Scheme. Environmental factors are one of the themes used by the Trustees when assessing an investment manager's voting records.