

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

Fellowes Ltd Retirement Benefits Scheme Implementation Statement Year Ending 5 April 2024

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Fellowes Retirement Benefits Scheme
Scheme Year	6 April 2023 to 5 April 2024
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.

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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 invested in the following funds which included an allocation to equities:

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

The Scheme's Additional Voluntary Contributions (AVC) and the Defined Contribution Sections (which represent c.10% of Scheme assets) were invested in the Prudential With-Profits Fund at the end of the year, which also has an allocation to equities. Prudential is part of M&G and therefore, we have considered M&G's voting record in this report.

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, and a summary is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole.
- 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 an investment manager's own policies on such matters.
- When selecting a 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 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 UN Principles for Responsible Investment (UNPRI).

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- 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 introduced an allocation to the LGIM Over 15 Year Index Linked Gilt Index Fund. The Trustees considered the ESG characteristics of the fund before selecting it but, because the fund does 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 2023.
- 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 2024* 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.
- The investment managers used by the Scheme are signatories to the UNPRI.

**Note the voting analysis was over the year ending 31 March 2024 because this was the most recent data available at the time of preparing this statement. The Trustees are satisfied that the analysis provides a fair representation of the investment Managers voting approach over the Scheme Year.*

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The Investment Managers Voting record

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

Investment Manager	Number of votes	Split of votes:		
		For	Against / withheld	Did not vote/ abstained
Newton	27,000	84%	15%	2%
LGIM	120,000	76%	24%	0%
M&G	36,000	92%	7%	1%

Notes

Split of votes may not sum to 100% due to rounding.

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 2024 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.

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The Investment Managers capital Voting Behaviour

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

- broad statistics of their voting record 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 2024 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).

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■ Analysis of Voting Behaviour

LGIM

The Trustees note that LGIM's voting record continues to compare very favourably with its peers. As in previous years, analysis of LGIM's voting record identifies clear evidence that the manager is willing to vote against company directors on a broad range of issues.

LGIM opposed several climate-related proposals based on an assessment that proposals put forward by a company's management did not go far enough.

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

M&G

The manager has demonstrated a willingness to vote against management on a broad range of issues. M&G has also supported shareholder proposals related to ESG issues.

Overall, the Trustees have no material concerns regarding M&G's voting records.

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

The significant director proposals in which Newton participated provide clear evidence that the investment manager is willing to vote against management on a broad range of issues. It is fair to note though that many of Newton's peers voted in a similar way on these particular proposals.

Analysis of shareholder-brought proposals identifies that Newton seems to be more willing than some of its peers to use voting rights to support votes related to ESG issues.

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

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Conclusion

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

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

Andrew Laming

5/11/2024

..... Date:

Signed on behalf of the Trustees of the Fellowes Ltd Retirement Benefits Scheme.

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Appendix

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
Assets & Investment							
SCOTTISH AMERICAN INVESTMENT COMPANY PLC	06/04/2023	Re-appoint Ernst & Young LLP as Independent Auditor of the Company	49	50	Not held	Not held	For
NETAPP INC	13/09/2023	Appoint the Auditors	40	60	Against	Not held	Against
VEOLIA ENVIRONNEMENT SA	27/04/2023	Appoint the Auditors	72	28	Against	Not held	Against
INVESCO PERPETUAL UK SMALLER COMPANIES	06/06/2023	Re-appoint the auditor, Ernst & Young LLP	76	24	Not held	Not held	Not held
PETS AT HOME GROUP PLC	06/07/2023	Re-appoint KPMG LLP as auditor of the Company	78	22	Against	Not held	For
Shareholder, Control & Rights							
CITY OF LONDON INVESTMENT GROUP	23/10/2023	Issue Shares for Cash	55	44	Not held	Not held	For
PLAYTECH PLC	24/05/2023	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital	44	56	Not held	Not held	For
BLUEFIELD SOLAR INCOME FUND LIMITED	28/11/2023	Issue Shares with Pre-emption Rights	42	58	Not held	For	Against
TOPPS TILES PLC	18/01/2024	Issue Shares with Pre-emption Rights	63	37	Not held	Not held	For
FERREXPO PLC	25/05/2023	Issue Shares with Pre-emption Rights	34	64	For	Not held	For
Pay & Remuneration							
BIOGEN INC.	26/06/2023	Advisory Vote on Executive Compensation	52	48	Against	Not held	For
PEARSON PLC	28/04/2023	Approve Remuneration Policy	54	46	Against	Not held	Against
VISTRY GROUP PLC	18/05/2023	Approve the Remuneration Report	51	46	Not held	Not held	Against
AMERICAN EXPRESS COMPANY	02/05/2023	Advisory Vote on Executive Compensation	53	45	Against	Not held	Against
ARGEN-X SE	02/05/2023	Approve the Remuneration Report	44	55	Against	Not held	For
Constitution of Company, Board & Advisors							
SAMPO OJ	17/05/2023	Amend Articles: Virtual Meetings	52	48	Against	Not held	Against
SIMON PROPERTY GROUP INC.	04/05/2023	Elect Ruben S. Leibowitz - Non-Executive Director	53	46	Against	Not held	Against
CORPAY, INC	09/06/2023	Elect Thomas M. Hagenry	55	45	Against	Not held	Not held
PENDRAGON PLC	30/06/2023	Re-elect Ian Fliby - Chair (Non Executive)	54	45	Not held	Not held	Against
ZALANDO SE	24/05/2023	Elect Kelly Bennett - Vice Chair (Non Executive)	56	44	For	Not held	For
Merger, Acquisition, Sales & Finance							
FORESIGHT GROUP HOLDINGS LIMITED	10/08/2023	Approve the Waiver of Rule 9	52	48	Not held	Not held	For
EUROPEAN OPPORTUNITIES TRUST PLC	15/11/2023	Approve the Continuation of the Company	59	36	Not held	Not held	For
CALEDONIA INVESTMENTS PLC	19/07/2023	Waiver of mandatory offer provisions set out in Rule 9 of the Takeover Code	64	35	Not held	Not held	For
VINACAPITAL VIETNAM OPPORTUNITY FUND LTD	06/12/2023	Approve that the Company Ceases to Continue as Currently Constituted	29	71	Not held	Not held	Against
BOUYGUES SA	27/04/2023	Approve Issuance of Debt Securities Giving Access to New Shares of Subsidiaries	73	27	Against	Not held	For
Climate Related Resolutions							
GLENDORE PLC	26/05/2023	Approve the Company's 2023 Climate Report	68	30	Against	Not held	Against
Shell plc	23/05/2023	Approve Shell's Energy Transition	77	19	Against	Not held	For
UBS GROUP AG	05/04/2023	Say on Climate	81	15	For	Not held	For
TOTALENERGIES SE	26/05/2023	Say on Climate	86	11	Against	Not held	For
PENNON GROUP PLC	20/07/2023	Approve the Climate-related financial disclosures	88	10	Not held	Not held	For
Other Company Resolutions							
CITY OF LONDON INVESTMENT GROUP	23/10/2023	Notice of General Meetings	61	39	Not held	Not held	For
BOUYGUES SA	27/04/2023	Approve the Board to Issue Equity Warrants Free of Charge During the Period of a	74	26	Against	Not held	For
STV GROUP PLC	27/04/2023	Approve Political Donations	70	25	Not held	Not held	For
QUILTER PLC	18/05/2023	Approve Political Donations	75	25	Not held	Not held	For
INVESTEC PLC	09/08/2023	Investec plc: Approve Political Donations	76	23	For	Not held	For
Governance & Other Shareholder Resolutions							
WELLS FARGO & COMPANY	25/04/2023	Simple Majority Voting	50	49	For	Not held	Against
SYNOPSIS INC	12/04/2023	Right to Call Special Meetings	50	50	For	Not held	For
MCDONALD'S CORPORATION	25/05/2023	Annual Report on Lobbying Activities	50	49	For	Not held	For
MARATHON PETROLEUM CORPORATION	26/04/2023	Simple Majority Voting	51	48	For	For	Against
NEXTERA ENERGY INC	18/05/2023	Board Skills Disclosure	48	51	For	Not held	For
Environmental & Socially Sensitive Shareholder Resolutions							
THE KROGER CO.	22/06/2023	Racial and Gender Pay Gaps	52	48	For	Not held	For
WELLS FARGO & COMPANY	25/04/2023	Annual Report on Prevention of Workplace Harassment and Discrimination	52	48	For	Not held	For
QUEST DIAGNOSTICS INCORPORATED	17/05/2023	Greenhouse Gas Reduction and Transition Plan	48	52	For	Not held	For
THE BOEING COMPANY	18/04/2023	Pay Equity Disclosure	47	52	For	Not held	For
EXPEDITORS INTERNATIONAL OF WASHINGTON INC.	02/05/2023	Report on on the effectiveness of the Company's diversity, equity, and inclusion	57	42	For	Not held	For

Note

Where an investment manager's voting record has not been provided for each fund, reliance is placed on periodic stock holding information to identify votes relevant to the fund. This means it is possible that some of the votes listed above may relate to companies that were not held within a pooled fund 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 a fund at the date of the vote.

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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.

The 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 proposals; 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 are 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.

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Investment Manager Voting Policies

For more information concerning an investment manager's voting policies and rationale, please visit the below links:

[LGIM](https://vds.issgovernance.com/vds/#/MjU2NQ==/) – <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

[M&G](https://www.mandg.com/~/_media/Files/M/MandG-Plc/documents/responsible-investing/stewardship/voting-policy-2023.pdf) - https://www.mandg.com/~/_media/Files/M/MandG-Plc/documents/responsible-investing/stewardship/voting-policy-2023.pdf

[Newton](https://www.newtonim.com/uk-institutional/responsible-investment/voting/) – <https://www.newtonim.com/uk-institutional/responsible-investment/voting/>