

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

Fellows Limited Retirement Benefits Scheme Implementation Statement Year Ending 5 April 2022

Glossary

DGF	Diversified Growth Fund
ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Fellows Limited Retirement Benefits Scheme
Scheme Year	6 April 2021 to 5 April 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustees have reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of the Scheme's investment managers and provides information on the significant votes made in respect of the Trustees' equity holdings. Information is also provided on how the Scheme's investment managers make use of the services of proxy voting advisers.

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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's Defined Benefit Section assets invested in the following funds which included an allocation to equities:

- BNY Mellon Real Return fund
- LGIM Diversified Fund

The Scheme's DB Section Additional Voluntary Contributions and the Defined Contribution section 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 the rights (including voting rights) attaching to the investments is set out in the SIP.

A summary of the Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments 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.
- 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

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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.
- In addition, 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 to add to the portfolio. 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.
- The Trustees also selected the M&G Total Return Credit Investment 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.
- The transition to these funds was completed shortly after the end of the Scheme year on 29 April 2022.
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 March 2021.
- 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 2022* 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 of the investment managers used by the Scheme are UNPRI signatories.

**Note the voting analysis was over the year ending 31 March 2022 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 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	Did not vote/ abstained / withheld
Newton	7,100	83%	14%	3%
LGIM	140,000	77%	21%	1%
M&G	47,000	92%	8%	1%

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.

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

These voting statistics are based on the investment managers' full voting record over the 12 months to 31 March 2022 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' 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 2022 for each investment manager 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.

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).

Description of Voting Behaviour

Newton (Fund manager of BNY Mellon Real Return Fund)

The Trustees have no concerns regarding the voting record of Newton.

In the Director proposals which have been identified as being the most significant, Newton has demonstrated a willingness to vote against management on a broad range of issues.

Newton has also shown a willingness to use its voting rights to support shareholders bringing proposals aimed at tackling a broad range of ESG issues.

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LGIM

The Trustees have no concerns regarding the voting record of 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.

The Trustees also note 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 CO₂ emissions will be reduced).

M&G

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

The manager has demonstrated a willingness to vote against management on a broad range of issues and has only occasionally supported proposals that the majority of other shareholders have opposed.

M&G has also supported shareholder proposals designed to tackle ESG issues.

Conclusions

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

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

4/11/2022

Andrew Laming

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4/11/2022

Date:

Signed on behalf of the Trustees of the Fellowes Limited 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. The table uses voting data for the year 1 April 2021 to 31 March 2022 for all investment managers.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	L&M	Newton	M&G
Audit & Reporting							
ACTIVISION BLIZZARD INC.	21/06/2021	Ratify PricewaterhouseCoopers LLP as Auditors	54	43	For	Not held	Not held
INTEL CORPORATION	13/05/2021	Appoint the Auditors	38	61	Against	Not held	Not held
INVESTEC PLC	05/08/2021	Investec Limited - Reappoint KPMG Inc as Joint Auditors of the Company	71	29	Not held	Not held	For
S&P AG	20/04/2021	Appoint the Auditors	80	20	Against	Not held	Not held
GEBERT AG	14/04/2021	Appoint the Auditors	83	17	Against	Not held	Not held
Shareholder Capital & Rights							
ORANGES SA	18/05/2021	Authorise Board to Increase Capital in the Event of Additional Demand Related	57	43	Against	Not held	Not held
XERING SA	22/04/2021	Authorise Capital Issuances For Use in Employee Stock Purchase Plans	82	68	For	Not held	Not held
FERRARI NV	15/04/2021	Issue Special Voting Shares	70	30	Against	Not held	Not held
FLUTTER ENTERTAINMENT PLC	29/04/2021	Issue Shares with Pre-emption Rights	70	30	Against	Not held	Not held
PETROPAVOLOVSK PLC	30/06/2021	Issue Shares with Pre-emption Rights	29	70	Not held	Not held	Not known
Pay & Remuneration							
AT&T INC.	30/04/2021	Advisory Vote on Executive Compensation	48	50	Against	Not held	Not held
AKZO NOBEL NV	22/04/2021	Approve the Remuneration Report	50	50	Against	Not held	Not held
INTERNATIONAL BUSINESS MACHINES CORPORATION	27/04/2021	Advisory Vote on Executive Compensation	48	51	Against	Not held	Not held
NETFLIX INC.	03/06/2021	Advisory Vote on Executive Compensation	51	49	Against	Not held	Not held
CHIPOTLE MEXICAN GRILL INC.	18/05/2021	Advisory Vote on Executive Compensation	51	49	Not held	Not held	Against
Constitution of Company, Board & Advisors							
BERKSHIRE HATHAWAY INC.	01/05/2021	Elect Meryl B. Wiener - Non-Executive Director	50	50	Withheld	Not held	Not held
GEBERT AG	14/04/2021	Elect Werner Karlen - Non-Executive Director	50	50	For	Not held	Not held
TE CONNECTIVITY LTD	09/03/2022	Rescind Article 5	50	50	Not held	Against	Not held
EDWARDS LIFESCIENCES CORPORATION	04/05/2021	Elect Kirsten J. Galbraith - Non-Executive Director	47	52	Against	Not held	Not held
PETROPAVOLOVSK PLC	30/06/2021	Elect Denis Alexandrov - Chief Executive	47	53	Not held	Not held	Not known
Merger, Acquisition, Sale & Finance							
VONOVIA SE	16/04/2021	Issue Bonds/Debt Securities	79	21	For	Not held	Not held
NORTH ATLANTIC SMALLER COMPANIES LT. PLC	23/06/2021	Waive Rule 9 of the Take Over Code	33	17	Not held	Not held	For
DELIVERY HERO SE	16/06/2021	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds	84	16	Against	Not held	Against
HERMES INTERNATIONAL	04/05/2021	Approve Demerger	91	9	Against	Not held	Not held
VINCI	08/04/2021	Issue Debt Securities	92	8	For	Not held	Not held
Climate Related Resolutions							
Royal Dutch Shell	18/05/2021	Approve the Shell Energy Transition Strategy	83	11	Against	Not held	Not held
TOTALENERGIES SE	28/05/2021	Approve the Company's Sustainable Development and Energy Transition	83	7	Against	Not held	Not held
GLENCORE PLC	29/04/2021	Approve Climate Action Transition Plan	89	5	Against	Not held	Not held
AENA SA	27/04/2021	Advisory Vote on Company's Climate Action Plan	96	4	For	Not held	Not held
FERRIVAL SA	08/04/2021	Advisory Vote, as from the 2022 AGM, on the Company's Climate Strategy	97	2	For	Not held	Not held
Other Company Resolutions							
PEARSON PLC	30/04/2021	Meeting Notification-related Proposal	55	45	For	Not held	Not held
ORANGE SA	18/05/2021	Allow Board to Use Delegations under Item 23 Above in the Event of a Public	40	59	Against	Not held	Not held
PETROPAVOLOVSK PLC	30/06/2021	Meeting Notification-related Proposal	61	38	Not held	Not held	Against
TE CONNECTIVITY LTD	09/03/2022	Allow Proxy Solicitation	82	38	Not held	Against	Not held
UNICREDIT SPA	15/04/2021	Approve Severance Payments Policy	73	27	For	Not held	Not held
Governance & Other Shareholder Resolutions							
GENERAL MOTORS COMPANY	14/06/2021	Shareholder Resolution: Written Consent	50	50	Against	Not held	Not held
APPLIED MATERIALS INC.	10/03/2022	Shareholder Resolution: Right to Call Special Meetings	49	49	For	Not held	Not held
COGATE-PALMOLIVE COMPANY	07/05/2021	Shareholder Resolution: Reduce Ownership Threshold For Shareholders to Call	51	49	For	Not held	Not held
APPLE INC.	04/03/2022	Shareholder Resolution: Report on Containment Clauses	49	49	For	For	For
THE GOLDMAN SACHS GROUP INC.	29/04/2021	Shareholder Resolution: Report on the Impacts of Using Mandatory Arbitration	49	43	For	For	Not held
Environmental & Socially Focused Shareholder Resolutions							
CATERPILLAR INC.	09/06/2021	Shareholder Resolution: Report on Climate Policy	47	51	For	Not held	Not held
APPLE INC.	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	For	For	For
EXXON MOBIL CORPORATION	26/05/2021	Shareholder Resolution: Issue Audited Report on Financial	47	49	For	Not held	Not held
TESLA INC.	07/10/2021	Shareholder Resolution: Report on Diversity and Inclusion Efforts	55	41	For	Not held	Not held
THE KROGER CO.	24/06/2021	Shareholder Resolution: Assess Environmental Impact of Non-	45	54	Not held	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.

Note for M&G, Prudential have not been able to provide detail for the table above, but we have been able to analyse M&G as a whole which we believe is sufficient.

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