

Implementation Statement

Introduction

The Trustee is required to produce an annual Implementation Statement setting out how voting and engagement policies in the Statement of Investment Principles (the "SIP") have been implemented. This is the second such statement produced.

This statement has been prepared by the Trustee of the Fenner Pension Scheme, covering the period from 1 April 2021 to 31 March 2022.

This statement looks to set out at a high level how the Trustee's policy on stewardship and engagement has been implemented. Where relevant, this statement describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. Disclosed is also the Trustee's opinion on the outcomes of voting and engagement activity for managers that hold listed equities.

Changes to the SIP over the period

Minor changes to the SIP were made in September 2021 reflecting the Scheme's updated hedging policy (targeting a hedge ratio of 100% for both interest rate risk and inflation risk relative to the Scheme's liabilities). The asset allocation was also updated to reflect the strategic de-risking which took place over the year.

The Trustee's policies on voting and engagement (stewardship)

The Trustee recognises that good stewardship practices, including engagement and voting activities, are important as they help preserve and enhance asset owner value over the long term.

Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Scheme's investment managers.

The Trustee expect their investment managers to practise good stewardship. This includes monitoring and engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to promote the best possible long-term outcomes.

The Trustee's Investment Consultant assesses the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee periodically covering how the investment managers have acted in line with this policy.

When selecting, monitoring and de-selecting asset managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.

Engagement with relevant persons includes the exercise of rights (including voting rights) attached to the Scheme's equity investments which are exercised by the asset managers of the Scheme. The Trustee monitors and discloses the voting records of its managers on an annual basis.

How have the Trustee's voting and engagement (stewardship) policies been followed?

The Trustee have received regular updates from the investment consultant on the investment managers' performance, including receiving ESG ratings for each manager which factor in voting and engagement. The Trustee has also been notified as to whether any changes to the investment consultant's overall ratings have taken place. These manager ratings factor in an ESG assessment, incorporating voting and engagement. The Trustee meets with the investment managers when required to discuss relevant matters, including sustainable investment and voting and engagement aspects. Over the year the Trustee met with KKR & Co. Inc. (to review the Global Credit Opportunities Fund which was subsequently disinvested on 30th September 2021 as part of wider portfolio de-risking) and M&G plc (to review the Total Return Credit Investment Fund). The following investment managers for the Scheme are signatories to the UK Stewardship Code: Legal & General Investment Management, M&G Investment Limited and PIMCO Europe Ltd.

The Trustee did not meet formally with any investment manager who had significant equity positions in their portfolio during the period assessed. The Trustee remains committed to scrutinising its investment managers on stewardship/engagement and will disclose any findings as and when relevant or appropriate.

Summary of voting over the year

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. Financially material considerations include (but are not limited to) those arising from Environmental, Social and Governance ("ESG") considerations, including climate change. Given that the majority of the Scheme's assets are invested with investment managers that hold gilts and credit assets in their portfolios, voting is only relevant to the managers that hold physical equity positions: the M&G Global Select Fund, the Jennison Global Opportunities and the Magnetar Constellation fund. All the Scheme's investments are made via pooled funds, where the investment manager is responsible for voting and engagement on the underlying assets rather than the Trustee. The Trustee's ability to influence voting activities undertaken is therefore limited.

Over the Scheme year, voting activities by M&G, Jennison and Magnetar were undertaken with due consideration to investors' best interests, considered on a fund wide basis and in accordance with the voting procedures set out in each manager's voting policy. The Trustee is not aware of any material departures from the managers' stated voting policies.

Given the nature of these mandates and the fact that voting activities were undertaken in line with the managers' policies, the Trustee is satisfied the voting policies have all been adequately followed over the Scheme year.

A summary of voting by the M&G Global Select Fund, the Jennison Global Opportunities Fund and the Magnetar Constellation Fund on behalf of the Scheme over the year to 31st March 2022 is provided in the tables below. Please note that the Scheme has fully disinvested from the M&G Global Select Fund and Jennison Global Opportunities Fund over the period. The voting data below will cover the relevant periods in which the Scheme was invested in each fund.

Voting criteria	M&G	Jennison	Magnetar
Relevant period for voting data	1 Apr 2021 – 17 Jun 2021	1 Apr 2021 – 9 Jun 2021	1 Apr 2021 – 31 Mar 2022
Number of holdings at period end	32	35	1,085
Value of Trustees' assets (as at 31st March 2022)	£0m ¹	£0m ²	£18.3m
Number of meetings eligible to vote during the period	29	19	238
Number of resolutions eligible to vote during the period	444	251	4,865
% of resolutions voted	100.0%	100%	99.9%
% of resolutions voted with management	90.3%	92.8%	88.5%
% of resolutions voted against management	9.7%	7.2%	11.5%
% of resolutions abstained	0.2%	0%	0%
% of meetings with at least one vote against management	62%	36.8%	16.9%
% of resolutions where manager voted contrary to recommendation of proxy adviser	7.2%	16.2%	71.7%
Any use of proxy voting services during the period?	Yes (Institutional Shareholder Services)	Yes (Glass Lewis)	Yes (Institutional Shareholder Services)

¹M&G Global Select Fund was fully disinvested on 17th June 2021, so the voting information reflects the period 1st April 2021 – 17th June 2021. The asset value as at 31st March 2022 was nil.

²Jennison Global Opportunities was fully disinvested on 9th June 2021, so the voting information reflects the period 1st April 2021 – 9th June 2021. The asset value as at 31st March 2022 was nil.

Further to the above summary, the Trustee is required to disclose further information on the 'most significant' votes. The significance of a vote is determined by the individual investment manager's criteria including (but not limited to) the size of the holding and the resolution being a shareholder proposal. In the tables below we show the 'most significant' votes for M&G and Jennison (Magnetar had no significant votes to declare):

M&G Global Select Fund 'Significant Vote' disclosure table (1 of 2)

Company name	Wh Smith Plc	Novo Nordisk A/S	ISS A/S	American Express Company
Summary of resolution	Approve Remuneration Report	Amend Guidelines for Incentive-Based Compensation for Executive Management	Approve Remuneration Report (Advisory Vote)	Publish Annually a Report Assessing Diversity, Equity, and Inclusion efforts
How M&G voted	Abstain	Against	Against	For
Outcome of vote*	Manager not in a position to provide			

*The data provider M&G use does not currently report on the outcome of a vote in question. M&G have confirmed they are looking to integrate this into their systems such that the outcome of future votes is more visible going forward.

M&G Global Select Fund 'Significant Vote' disclosure table (2 of 2)

Company name	Ball Corporation	Alphabet	Becton, Dickinson and Company	UnitedHealth Group Incorporated
Summary of resolution	Elect Director John A. Bryant	Report on Risk Related to Anticompetitive Practices	Advisory Vote to Ratify Named Executive Officers' Compensation	Reduce Ownership Threshold for Shareholders to Call Special Meeting
How M&G voted	Withhold	For	Against	For
Outcome of vote*	Manager not in a position to provide			

*The data provider M&G use does not currently report on the outcome of a vote in question. M&G have confirmed they are actively looking to integrate this into their systems such that the outcome of future votes is more visible going forward.

Jennison Global Opportunities 'Significant Vote' disclosure table (1 of 1)

Company name	Amazon.com
Summary of resolution	A shareholder proposal requesting the board of directors to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board's role in Amazon's public policy activities related to such risks.
How Jennison voted	For
Outcome of vote	Proposal failed to receive majority support