

# **IMPLEMENTATION STATEMENT**

1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021

## **Fenner Pension Scheme**

Private and Confidential

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### **Introduction**

Under new regulatory requirements now in force, 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 first such statement produced. This statement also includes a brief summary of updates to the SIP over the reporting period.

This statement has been prepared by the Trustee of the Fenner Pension Scheme, covering the period 1 April 2020 to 31 March 2021.

The statement looks to set out at a high level how the Trustee's policy on stewardship and engagement has been implemented. Where relevant, the 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**

Changes to the SIP were made in September 2020 to comply with upcoming regulatory changes, specifically the incorporation of the Shareholder Rights II Directive ('SRD II') into UK law, which requires defined benefit pension scheme SIPs to be updated to include further details on:

- The arrangements with investment managers, including how they are incentivised to behave and invest in line with the Trustee's policies and how the Trustee will monitor managers' performance, fees and portfolio costs.
- Engagement policy, including the exercise of the rights (including voting rights) attached to the investments.

SRD II aims to further encourage appropriate long-term investment decision-making and engagement.

Under SRD II, the Trustee is now also required to publish an annual implementation statement that explains the extent to which the voting and engagement policies have been implemented over the relevant Scheme 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 change to the investment consultant's overall ratings has taken place. This manager rating factors 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 M&G plc (to review the M&G European Loan Fund and the Total Return Credit Investment Fund, that latter of which was subsequently appointed) and PIMCO (to review the Global Libor Plus 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 not limited to) those arising from Environmental, Social and Governance 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: M&G Global Select Fund, Jennison Global Opportunities and 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 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 M&G Global Select Fund, Jennison Global Opportunities Fund and Magnetar Constellation Fund on behalf of the Scheme over the year to 31st March 2021 is provided in the tables below:**

<b>Voting criteria</b>	<b>M&amp;G</b>	<b>Jennison</b>	<b>Magnetar</b>
<b>Number of holdings at period end</b>	32	38	442
<b>Value of Trustees' assets (as at 31<sup>st</sup> March 2020)</b>	£5.7m	£5.8m	£23.4m
<b>Number of meetings eligible to vote during the period</b>	39	42	83
<b>Number of resolutions eligible to vote during the period</b>	521	503	1,420
<b>% of resolutions voted</b>	96.7%	100%	98.3%
<b>% of resolutions voted with management</b>	91.3%	95.4%	90.4%
<b>% of resolutions voted against management</b>	8.7%	4.6%	9.6%
<b>% of resolutions abstained</b>	0.4%	0%	0%
<b>% of meetings with at least one vote against management</b>	47.4%	26.2%	14.6%

<b>% of resolutions where manager voted contrary to recommendation of proxy adviser</b>	6.8%	12.7%	38.2%
<b>Any use of proxy voting services during the period?</b>	Yes (Institutional Shareholder Services)	Yes (Glass Lewis)	Yes (Institutional Shareholder Services)

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)

<b>Company name</b>	<b>Alphabet</b>	<b>The Bank of New York Mellon Corporation</b>	<b>Unilever NV</b>	<b>Microsoft Corporation</b>	<b>Becton Dickinson and Company</b>
<b>Summary of resolution</b>	Assess feasibility of including sustainability as a performance measure for senior executive compensation	Require Shareholder approval of Bylaw Amendments adopted by the Board of Directors	Amend Articles Re: Unification	Report on Employee Representation on the Board of Directors	Advisory Vote to Ratify Named Executive Officers' Compensation
<b>How M&amp;G voted</b>	For	For	For	For	Against
<b>Outcome of vote*</b>	Manager not in a position to provide	Manager not in a position to provide	Manager not in a position to provide	Manager not in a position to provide	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.

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

<b>Company name</b>	<b>Novo Nordisk A/S</b>	<b>Visa Inc.</b>
<b>Summary of resolution</b>	Assess feasibility of including sustainability as a performance measure for senior executive compensation	Require Shareholder approval of Bylaw Amendments adopted by the Board of Directors

<b>How M&amp;G voted</b>	For	For
<b>Outcome of vote*</b>	Manager not in a position to provide	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)**

<b>Company name</b>	<b>Amazon.com</b>
<b>Summary of resolution</b>	Additional disclosure on the Company's efforts to address hate speech and the sale of offensive products is warranted
<b>How Jennison voted</b>	For
<b>Outcome of vote</b>	Proposal failed to receive majority support