

# Timpson Group Pension Scheme Implementation Statement for the year ended 5 April 2020

## Purpose

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This Implementation Statement provides information on how, and the extent to which, the Trustee of the Timpson Group Pension Scheme (“the Scheme”) followed its policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 5 April 2020 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Background

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The Trustee updated their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers’ own equivalent policies. The Trustee’s new policy was documented in the updated Statement of Investment Principles (SIP) dated September 2020.

## The Trustee’s updated policy

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The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s investment managers. The Trustee requires the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

## Manager selection exercises

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One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee seeks advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

## Ongoing governance

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The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee’s requirements as set out in this statement. Furthermore, the Trustee has set XPS the objective of ensuring that any selected managers reflect the Trustee’s views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

The Trustee board generally meet twice a year to discuss the investment matters and receive asset valuations from XPS on a quarterly basis.

## Adherence to the Statement of Investment Principles

During the reporting year the Trustee was satisfied that it followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

## Voting activity

The main asset class where the investment managers will have voting rights is equities. Equities form part of the strategy for the Fidelity Global Focus Fund, Brown Shipley UK Segregated Equities Mandate, Chelverton UK Equity Growth, Miton UK Value Opportunities Fund and Lindsell Train UK Equity Fund in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below.

### Fidelity

Voting Information
Fidelity Global Focus Fund
The fund manager has not provided a stewardship code data at present.
The manager voted on 99.9% of resolutions of which they were eligible out of 1,328 eligible votes.
Investment Manager Client Consultation Policy on Voting
<p>While Fidelity do not solicit client feedback ahead of individual voting resolutions, Fidelity welcome clients' views on their stewardship preferences and how their corporate engagement strategy and proxy voting guidelines could evolve to meet them. Furthermore, Fidelity are committed to supporting clients that wish to conduct their own shareholder voting in the form of a segregated mandate.</p> <p>Voting is an integral component of their approach to stewardship, alongside their securities selection, proprietary research, monitoring, and dialogue with investee companies and other key stakeholders. To achieve best possible outcomes for their clients, Fidelity vote in accordance with their proxy voting guidelines as a house, leveraging the combined scale of their managed funds' combined ownership. Their voting approach is underpinned by their fiduciary duty to serve their clients' best interests. Further information on their Responsible Investing approach can be found here: <a href="http://www.fidelityinstitutional.com/en-gb/responsible-investing/responsible-investing">www.fidelityinstitutional.com/en-gb/responsible-investing/responsible-investing</a></p>
Investment Manager Process to determine how to Vote
Fidelity has a dedicated Sustainable Investing Team that works closely with the investment teams and is responsible for consolidating Fidelity's approach to stewardship, engagement, ESG integration and the exercise of their votes at general meetings. Information to inform the voting process is derived from a variety of sources and includes material provided

by the company, proxy voting advisory services, internal and external research. Discussions may also be held with investee companies themselves.

All votes are cast in accordance with Fidelity's established voting policies after consultation with the relevant portfolio managers where appropriate. Fidelity will vote all equity securities where there is a regulatory obligation for us to do so or where the expected benefit of voting outweighs the expected costs. Fidelity will also take account of the circumstances of the investee company concerned and of prevailing local market best practice. Fidelity's approach and policy about the exercise of voting rights are in accordance with all applicable laws and regulations as well as being consistent with the respective investment objectives of the various portfolios.

### How does this manager determine what constitutes a 'Significant' Vote?

There are broadly two key types of assessment considerations that will frame and contribute to whether a vote is assessed as 'significant' - those relating to the vote Fidelity submit, the size of their position, the nature of the agenda items, and the issuer's market (intrinsic considerations) and factors that are dependent on views or special situations internal to Fidelity or that occur in the market (situational/ extrinsic considerations). Additional relevant factors may also be considered. Factors relating to the assessment of their voting activity will be weighed holistically, and with recency, when identifying Fidelity's most significant votes and their framework sets out to assist, not dictate, this assessment. Fidelity retains discretion to determine which of the 'significant' votes identified under this Framework are reported in line with its regulatory reporting requirements.

'Significant' votes will be identified, assessed, and reviewed regularly on a periodic frequency by the Sustainable Investing Team.

### Does the manager utilise a Proxy Voting System? If so, please detail

Fidelity's voting instructions are generally processed electronically via their proxy voting agent Institutional Shareholder Services (ISS). Their proxy voting agent provides general meeting notifications, processes their voting instructions, and records this activity for subsequent reporting purposes. Additionally, Fidelity subscribe to several corporate governance and voting advisory services. Fidelity have a set of customised policies with their voting agent but as mentioned above all eventual voting decisions are **always** made in accordance with Fidelity's policies and voting guidelines.

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Alphabet Inc	Shareholder Proposal: Assess Feasibility of Including Sustainability as a Performance	Against Management	The resolution did not pass

	Measure for Senior Executive Compensation		
<p>While acknowledging Alphabet's robust disclosure regarding its current diversity and inclusion efforts, the executive pay program lacks elements that incorporate any specific pre-set performance metrics. Non-founder executives are compensated entirely in base salaries and periodic large grants of time-vesting stock. Although the CEO receives only \$1 in compensation, the adoption of this proposal would benefit shareholders because it would send a signal to the board of the importance to assess the feasibility of pre-set performance criteria for all executives' incentive pay, including, but not limited to, the sustainability metrics proposed by the proponents. Therefore, Fidelity have voted in favour of this shareholder proposal.</p>			
Chevron Corp	Shareholder Proposal: Report on Plans to Reduce Carbon Footprint Aligned with Paris Agreement Goals	Against Management	The resolution did not pass
<p>This item only requires reporting on possible plans, and does not prescribe any particular strategy/path and not require specific targets, hence it wouldn't fundamentally impact Chevron's business model in the short term and would leave plenty of flexibility around the implementation of a potential decarbonization strategy. Therefore, Fidelity have voted in favour of this shareholder proposal.</p>			
Heron Therapeutics	Advisory Vote to Ratify Named Executive Officers' Compensation	Against Management	The resolution passed
<p>In the US and Canadian markets, Fidelity require at least 40% of the total long-term incentive awards to be performance vesting. This voting policy is one of their red line policies, which means Fidelity will oppose any proposed compensation plan that does not meet their forty percent threshold. Given that arrangements at Heron do not comply with their policy (100%-time based awards), Fidelity voted against the say-on-pay.</p>			
Lafarge Holchim	Approve Remuneration Report	Against Management	The resolution passed
<p>In the UK and European markets, Fidelity require Long Term Incentive arrangements to have a guaranteed share retention period of minimum five years. This voting policy is one of their red line policies, which means Fidelity will oppose any proposed compensation plan that does not meet their 5-year vesting requirement. Given that arrangements at Lafarge do not comply with their policy (WeAv vesting &lt;5years), Fidelity voted against the remuneration proposal.</p>			
Naspers Ltd	Approve Remuneration Policy	Against Management	The resolution passed
<p>The Company's long-term incentive arrangements are primarily based on a single metric, being the total value of the business or group of businesses for SARs and share price for options. Fidelity are concerned that this policy allows for a high level of pay-out (or lack thereof) for hitting a single target. Awards under the LTIP vest over four or five years, with one quarter or one fifth of the award vesting annually. Best practice advocates a minimum performance period of three years for long term incentive plans. The Company has not provided a case for the short performance period.</p>			

Brown Shipley

Voting Information
Brown Shipley UK Segregated Equities Mandate
The fund manager has not provided a stewardship code data at present.
The manager voted on 0 resolutions.
Investment Manager Client Consultation Policy on Voting
Brown Shipley do not consult with their clients before voting. Their policy at Brown Shipley was not to vote at meetings.
Investment Manager Process to determine how to Vote
Brown Shipley had a policy of refraining from voting for shares held in their nominee company.
How does this manager determine what constitutes a 'Significant' Vote?
Brown Shipley have not voted on any of the shares they hold within their nominee company. NW Brown were not signed up to the Stewardship Code. In April NW Brown merged with Brown Shipley. The attached link sets out Brown Shipley's policies on both Active Ownership and the UK Stewardship Code - <a href="https://brownshipley.com/important-information/">https://brownshipley.com/important-information/</a>
Does the manager utilise a Proxy Voting System? If so, please detail
Not applicable

Equilibrium

Voting Information

Chelverton UK Equity Growth Fund

The fund manager has not provided a stewardship code data at present.

The manager voted on 100.0% of resolutions of which they were eligible out of 1,338 eligible votes.

Investment Manager Client Consultation Policy on Voting

Chelverton do not consult clients before voting. Chelverton believe their governance function, guided by the UK Stewardship code has the required skills, experience and balanced viewpoint to carry out voting on behalf of their client base.

Investment Manager Process to determine how to Vote

Chelverton review all board appointees and their re-election to the Board to ensure they have the requisite experience, skills and have behaved Remuneration reports in particular, are scrutinized to ensure that existing incentive schemes have been applied fairly and that any new proposals for incentive schemes are appropriate for the company concerned.

Chelverton believe all incentive schemes should follow the principles of the UK Stewardship code, be fair and appropriate to the size of company, industry grouping, stage of the company's life and skillset of the executive directors to whom it is being applied.

Chelverton vote on all resolutions for all their investee companies. The vast majority of the votes cast are in favour of the board resolutions. Their initial investment process takes account of company history, board structure and makeup, prior history of board appointees and therefore, Chelverton would not expect to abstain or vote against many board resolutions. However, when Chelverton believe the company is moving in a direction which prejudice's stakeholders' interests, Chelverton would intimate this directly to the appropriate director, voicing their concerns and seeking resolution out of the public eye. If Chelverton were still not happy, they would vote against any resolution which would aid their cause in rehabilitating the situation.

How does this manager determine what constitutes a 'Significant' Vote?

All votes are significant and should be given due consideration by shareholders or their proxies and preferably by people who have relevant experience in these areas.

Does the manager utilise a Proxy Voting System? If so, please detail

Chelverton use a proxy voting service, but Chelverton review all resolutions themselves and instruct their proxy voting service to vote appropriately.

Top 2 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
AFH Financial	Regarding the takeover of the company	As well as voting against the takeover proposals Chelverton also voted against the re-election of two of the board directors whom Chelverton believe were not acting in the best interests of stakeholders.	Ultimately, there were sufficient votes in favour of the takeover. The bid was successful, and the company has been sold.
During the period, Chelverton voted against a total of 8 resolutions in connection with an original offer and a subsequent increased bid for this financial services company. Chelverton believe that neither the first bid approach for the company early in March 2021, nor the revised bid, was at a sufficiently high price to reflect the true value of the company.			
Media & Games Invest	Regarding the creation of a new share class.	Chelverton voted against the creation of the new share class.	Company reverted to issuing new shares on NASDAQ.
This European computer games company had asked for permission to issue a new share class of common shares and amend the articles of association accordingly. Each new share would have the same economic rights as the original shares but would only have one tenth of the voting rights thereof. Whilst this would not have affected their shareholding in any way, Chelverton believe that the creation of what would in effect be "second class citizens" would be detrimental to the overall perception of the company. Fundamentally, for shares trading on public exchanges, Chelverton believe in one share class for shareholders and one vote per share.			

Voting Information

Lindsell Train UK Equity Fund

The fund currently occupies Tier 1 of the stewardship code.

The manager voted on 100.0% of resolutions of which they were eligible out of 348 eligible votes.

#### Investment Manager Client Consultation Policy on Voting

The primary voting policy of Lindsell Train is to protect or enhance the economic value of its investments on behalf of its clients. The manager will vote against any agenda that threatens this position, in particular concerns over inappropriate management remuneration or incentives, changes in capital structure and mergers or acquisitions which are seen as detrimental to the investment held. Where Lindsell Train disagree with an agenda item they will always engage with a company prior to their vote in the hope of influencing change.

#### Investment Manager Process to determine how to Vote

Lindsell Train's Portfolio Managers are responsible for proxy voting decisions and it is their policy to exercise all voting rights which have been delegated to them by their clients. Proxy voting decisions are the result of careful judgement to ensure the best possible outcome to generate long-term shareholder value.

#### How does this manager determine what constitutes a 'Significant' Vote?

Lindsell Train have a long-term approach to investment which generally leads the company to be supportive of investee company management. Lindsell Train will have engaged extensively with management up to the point of voting for or against any 'significant' resolutions. Where Lindsell Train have voted against company management, they will try to influence management. Overall, their intention is to have open and constructive dialogue with management and board members, to broaden their knowledge of the company's strategy and operations and to ensure any concerns Lindsell Train might have are assuaged. Given Lindsell Train often build up large, long-term, stakes in the businesses in which they invest Lindsell Train find that management are open to (and very often encourage) engaging with Lindsell Train.

#### Does the manager utilise a Proxy Voting System? If so, please detail

In 2020, Lindsell Train appointed Glass Lewis to provide proxy voting services. Given their enhanced reporting capabilities, this will more easily enable them to publish an annual record of their voting which Lindsell Train expect to be able to provide from 2021. Lindsell Train also believe that their research and engagement platform will further improve the inputs to their decision making. However, Lindsell Train do not intend to outsource the proxy voting decisions, as this forms an important part of their investment process and proactive company engagement strategy. The Portfolio Managers will maintain final decision-making responsibility, which is based on their detailed knowledge of the companies in which Lindsell Train invest.

#### Top 3 Significant Votes during the Period



Company	Voting Subject	How did the Investment Manager Vote?	Result
London Stock Exchange	To approve the acquisition of Refinitiv	For	Resolution was passed
Lindsell Train voted for the Refinitiv acquisition as they believe the deal is a good strategic fit for the company and is a continuation of the strategic direction the company has been moving in for the last decade.			
Mondelez	Advisory vote on Executive Compensation	Abstained	Resolution was passed
Lindsell Train pays careful consideration to the compensation policies of the companies in which they invest. In assessing their compensation policies, Lindsell Train focus more on how incentives are structured rather than the actual quantum of compensation. In other words, Lindsell Train can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and their principles. In the case for Mondelez, Lindsell Train did not believe that the company's compensation policy was aligned with the long-term best interests of the shareholders.			
Pearson	All resolutions at AGM	For	Resolution was passed
Despite reservations about the departure of the finance director and their disappointment with the execution of the strategy so far, Lindsell Train continued to vote with the executives at Pearson during that time period as they continue to believe in the long term prospect of the strategy.			

### Voting Information

#### Miton UK Value Opportunities Fund

The fund currently occupies Tier 1 of the stewardship code.

The manager voted on 100.0% of resolutions of which they were eligible out of 1,132 eligible votes.

#### Investment Manager Client Consultation Policy on Voting

Each portfolio manager considers their fund objectives and time horizon as well as defined fund outcomes and will make a final voting decision that will provide the best outcome for the fund. While Miton are currently unable to take specific direction from each client, Miton are aware of initiatives that their clients may be supporting, such as the Climate Action 100, and where possible Miton will support these.

### Investment Manager Process to determine how to Vote

When making a voting decision, Miton consider proxy research and recommendations alongside their own knowledge of the company and recent communications with company management supported by their Head of Responsible Investing. Each portfolio manager also considers their investment mandate and the defined fund outcomes. Miton have a proxy voting policy here: <https://www.premierfunds.co.uk/media/657136/proxy-voting-policy.pdf>

### How does this manager determine what constitutes a 'Significant' Vote?

The Head of Responsible Investing reviewed the fund voting data, and using her 20 years of proxy voting experience along with market information such as the IA register was able to highlight some examples where Miton voted against management, or intend support management against ISS where critical to business.

### Does the manager utilise a Proxy Voting System? If so, please detail

Miton utilise Institutional Shareholder Services (ISS) services for proxy voting and research with the portfolio managers making the final voting decision, supported by the Head of Responsible Investing.

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Barclays Bank	Remuneration Report	Against management	c.30% voted against remuneration

Miton generally believe that the quantum of pay at the largest companies in the UK is too large and will generally vote against Remuneration reports.			
Redrow	Re-elect John Tutte as Director	Against management	c. 30% voted against appointment
Miton were unhappy with the proposal for reappointment of John Tutte due to his lack of independence and position of executive chair.			
Dart	Elect Richard Green as Director	Against management	19% voted against
Miton voted against this appointment as it leads to a lack of independence on the board			
JD	Approve Remuneration Report	Against management	30.5% voted against
Excessive pay awards for the directors			
JD	Approve Grant of Special Bonus to Peter Cowgill	Against management	80% against (but there is a controlling shareholder)
Peter Cowgill is in effect an appointee of Pentland Group, the controlling shareholder, and Miton thought that if they had believed he had done such a magnificent job (which he has) that they could pay him the special bonus from their accounts rather than asking that of shareholders.			

RT Partners LLP

Voting Information
RT Capital Fund II LP
The fund manager has not provided a stewardship code data at present.
The manager voted on 0 resolutions.
Investment Manager Client Consultation Policy on Voting

In the Limited Partnership agreement, the authority and powers on the management of the Fund - are the General Partner or its agents or delegates shall have full power and authority on behalf of the Partnership and with the power to bind the Partnership thereby and without prior consultation with any of the Limited Partners - to formulate the investment policy of the Partnership.

Investment Manager Process to determine how to Vote

As the principal purpose and investment policy of the partnership is to achieve long term capital by making the investments, the investment committee and advisor calculate out the positive outcome for the investment in the fund.

How does this manager determine what constitutes a 'Significant' Vote?

Not applicable

Does the manager utilise a Proxy Voting System? If so, please detail

Not applicable

Signed: *James Tinger*, Chair of Trustee Board

Date: 21/6/2021