

**Federated Pension Scheme for Treloar Trust
Implementation Statement
Year Ending 31 March 2022**

Glossary

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|--------------------|--|
| Baillie Gifford | Baillie Gifford & Co Limited |
| ESG | Environmental, Social and Governance |
| Investment Adviser | First Actuarial LLP |
| LGIM | Legal & General Investment Management |
| Partners | Partners Group (Guernsey) Limited |
| Scheme | Federated Pension Scheme for Treloar Trust |
| Scheme Year | 1 April 2021 to 31 March 2022 |
| SIP | Statement of Investment Principles |
| UNPRI | United Nations Principles for Responsible Investment |

Introduction

The Trustee has reviewed the extent to which its 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 Trustee's equity holdings. Information is also provided on the how the Scheme's investment managers make use of the services of proxy voting advisers.

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:

- Baillie Gifford Multi-Asset Growth Fund
- LGIM Future World Fund
- LGIM Future World Fund – GBP Hedged
- LGIM Future World Multi-Asset Fund
- The Partners Fund

The Trustee's Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustee's 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 Trustee's policy in relation to the exercise of the rights (including voting rights) attaching to the investments is as follows:

- The Trustee believes that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustee wishes to encourage best practice in terms of stewardship.
- The Trustee invests in pooled investment vehicles and therefore accepts 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 Trustee considers, 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 Trustee (in conjunction with its Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustee 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 Trustee may look to replace that fund. However, in the first instance, the Trustee would normally expect its Investment Adviser to raise the Trustee's concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustee's opinion is that its 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 Trustee's belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustee did not select any new funds during the period.
- 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.
- The investment managers used by the Scheme are UNPRI signatories.

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 / withheld | Did not vote/ abstained |
| Baillie Gifford | 20,000 | 93% | 3% | 4% |
| LGIM | 140,000 | 77% | 21% | 1% |

Notes

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

These voting statistics are based on each manager's 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? |
|------------------------|------------------------------------|--|
| Baillie Gifford | No Proxy Voting Adviser | All done in-house, Manager aims to participate in all votes |
| LGIM | ISS and IVIS | ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM. |

The Investment Managers' Voting Behaviour

The Trustee has 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 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 Trustee has also compared the voting behaviour of the investment managers with their peers over the same period.

The Trustee's key observations are set out below.

Voting in Significant Votes

Based on information provided by the Trustee's Investment Adviser, the Trustee has identified significant votes in nine separate categories. The Trustee considers 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 Trustee 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

Baillie Gifford

The manager has a tendency to support management proposals. Baillie Gifford's active management style provides some justification for this; it supports the management of companies it has actively chosen to invest in. However, it can also indicate overconfidence in the companies selected.

Baillie Gifford has held companies to account on climate change issues. The investment manager opposed Director proposals on climate change which were deemed to not go far enough and supported shareholder proposals in this area.

However, Baillie Gifford continues to be less supportive of shareholder proposals aimed at tackling social issues and this leaves Baillie Gifford open to criticism. The Trustee's Investment Adviser has fed this message back repeatedly to Baillie Gifford and continue to do so.

LGIM

The Trustee has 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 Trustee also notes 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).

Partners Group

Whilst Partners Group are not signatories to the UK Stewardship Code, the investment manager does gain an A+ rating from UN PRI (for Strategy & Governance).

The Partners Fund typically has an allocation of about 20% to listed strategies but the Trustee has excluded this from the analysis.

The Scheme's allocation to the Partners Fund is about 13% of total assets meaning exposure to listed strategies via the fund represents approximately 2.6% of Scheme assets. The Trustee does not consider this to be significant in the context of the Scheme's overall assets and Partners has therefore been excluded from the analysis of voting behavior

Conclusions

Based on the analysis undertaken, and as per the descriptions above, the Trustee has no material concerns regarding the voting records of LGIM and Baillie Gifford.

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

Rosemary Kennell.....Date: ...16 August 2022

Signed on behalf of the Trustee of the Federated Pension Scheme for Treloar Trust

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustee.

| Company | Meeting Date | Proposal | Votes For (%) | Votes Against (%) | LGIM | Baillie Gifford |
|--|--------------|---|---------------|-------------------|----------|-----------------|
| Audit & Reporting | | | | | | |
| ACTIVISION BUZZARD INC | 21/06/2021 | Ratify PricewaterhouseCoopers LLP as Auditors | 54 | 43 | For | Not held |
| INTEL CORPORATION | 13/05/2021 | Appoint the Auditors | 38 | 61 | Against | Not held |
| INVESTEC PLC | 05/08/2021 | Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company | 71 | 29 | Against | Not held |
| SIKA AG | 20/04/2021 | Appoint the Auditors | 80 | 20 | Against | Not held |
| SARTORIUS STEDIM BIOTECH SA | 29/03/2022 | Approve Auditors' Special Report on Related-Party Transactions | 20 | 80 | Not held | For |
| Shareholder Capital & Rights | | | | | | |
| ORANGE S.A | 18/05/2021 | Authorize Board to Increase Capital in the Event of Additional Demand Related | 57 | 43 | Against | Not held |
| KERING SA | 22/04/2021 | Authorize Capital Issuances for Use in Employee Stock Purchase Plans | 32 | 68 | For | For |
| FERRARI NV | 15/04/2021 | Issue Special Voting Shares | 70 | 30 | Against | Not held |
| FLUTTER ENTERTAINMENT PLC | 29/04/2021 | Issue Shares with Pre-emption Rights | 70 | 30 | Against | Not held |
| MONCLER SPA | 22/04/2021 | Authorise Share Repurchase | 70 | 29 | For | Not held |
| Pay & Remuneration | | | | | | |
| AT&T INC. | 30/04/2021 | Advisory Vote on Executive Compensation | 48 | 50 | Against | Not held |
| AKZO NOBEL NV | 22/04/2021 | Approve the Remuneration Report | 50 | 50 | Against | Not held |
| INTERNATIONAL BUSINESS MACHINES CORPORATION | 27/04/2021 | Advisory Vote on Executive Compensation | 48 | 51 | Against | Not held |
| NETFLIX INC | 03/06/2021 | Advisory Vote on Executive Compensation | 51 | 49 | Against | For |
| KANSAS CITY SOUTHERN | 20/05/2021 | Advisory Vote on Executive Compensation | 52 | 47 | Against | Not held |
| Constitution of Company, Board & Advisers | | | | | | |
| GEBERIT AG | 14/04/2021 | Elect Werner Karlen - Non-Executive Director | 50 | 50 | For | Not held |
| APPLE INC | 04/03/2022 | Elect Alex Gorsky - Non-Executive Director | 50 | 50 | For | Not held |
| REGENERON PHARMACEUTICALS INC | 11/06/2021 | Elect George L. Sing | 51 | 49 | Against | Not held |
| EDWARDS LIFESCIENCES CORPORATION | 04/05/2021 | Elect Kieran T. Gallahue - Non-Executive Director | 47 | 52 | Against | Not held |
| INFORMA PLC | 03/06/2021 | Elect Stephen Davidson - Non-Executive Director | 53 | 47 | Against | Not held |
| Merger, Acquisition, Sales & Finance | | | | | | |
| VONOVIA SE | 16/04/2021 | Issue Bonds/Debt Securities | 79 | 21 | For | Against |
| DELIVERY HERO SE | 16/06/2021 | Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds | 84 | 16 | Against | For |
| HERMES INTERNATIONAL | 04/05/2021 | Approve Demerger | 91 | 9 | Against | Not held |
| VINCI | 08/04/2021 | Issue Debt Securities | 92 | 8 | For | Not held |
| SAP SE | 12/05/2021 | Issue Bonds/Debt Securities | 93 | 7 | For | Not held |
| Climate Related Resolutions | | | | | | |
| Royal Dutch Shell | 18/05/2021 | Approve the Shell Energy Transition Strategy | 83 | 11 | Against | Not held |
| TOTALENERGIES SE | 28/05/2021 | Approve the Company's Sustainable Development and Energy Transition | 83 | 7 | Against | Not held |
| AENA SA | 27/04/2021 | Advisory Vote on Company's Climate Action Plan | 96 | 4 | For | Not held |
| FERROVIAL S.A. | 08/04/2021 | Advisory Vote, as from the 2022 AGM, on the Company's Climate Strategy | 97 | 2 | For | Not held |
| MOODY'S CORPORATION | 20/04/2021 | Say on Climate | 93 | 1 | For | Not held |
| Other Company Resolutions | | | | | | |
| PEARSON PLC | 30/04/2021 | Meeting Notification-related Proposal | 55 | 45 | For | Not held |
| ORANGE S.A | 18/05/2021 | Allow Board to Use Delegations under Item 23 Above in the Event of a Public | 40 | 59 | Against | Not held |
| UNICREDIT SPA | 15/04/2021 | Approve Severance Payments Policy | 73 | 27 | For | Not held |
| SSP GROUP PLC | 04/02/2022 | Meeting Notification-related Proposal | 79 | 21 | Not held | For |
| INVESTEC PLC | 05/08/2021 | Investec plc: Approve Political Donations | 80 | 20 | For | Not held |
| Governance & Other Shareholder Resolutions | | | | | | |
| GENERAL MOTORS COMPANY | 14/06/2021 | Shareholder Resolution: Written Consent | 50 | 50 | Against | Not held |
| APPLIED MATERIALS INC | 10/03/2022 | Shareholder Resolution: Right to Call Special Meetings | 49 | 49 | For | Not held |
| COLGATE-PALMOLIVE COMPANY | 07/05/2021 | Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call | 51 | 49 | For | Not held |
| APPLE INC | 04/03/2022 | Shareholder Resolution: Report on Concealment Clauses | 49 | 49 | For | Not held |
| THE GOLDMAN SACHS GROUP INC. | 29/04/2021 | Shareholder Resolution: Report on the Impacts of Using Mandatory Arbitration | 49 | 43 | For | Not held |
| Environmental & Socially Focussed Shareholder Resolutions | | | | | | |
| CATERPILLAR INC. | 09/06/2021 | Shareholder Resolution: Report on Climate Policy | 47 | 51 | For | Not held |
| APPLE INC | 04/03/2022 | Shareholder Resolution: Civil Rights Audit | 53 | 46 | For | Not held |
| TESLA INC | 07/10/2021 | Shareholder Resolution: Report on Diversity and Inclusion Efforts | 55 | 41 | For | Against |
| BOOKING HOLDINGS INC. | 03/06/2021 | Shareholder Resolution: Report on Annual Climate Transition | 56 | 43 | For | For |
| AMAZON.COM INC. | 26/05/2021 | Shareholder Resolution: Oversee and Report on a Civil Rights, | 44 | 55 | For | Abstain |

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.