

Muntons plc Retirement Benefits Scheme
4 April 2023
Implementation Statement (forming part of the Trustee’s report)

Muntons plc Retirement Benefits Scheme

Implementation Statement

Year Ending 4 April 2023

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Muntons plc Retirement Benefits Scheme
Scheme Year	5 April 2022 to 4 April 2023
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement reports on the extent to which, over the Scheme Year, the Trustee has followed its policy relating to the exercise of rights (including voting rights) attaching to the Scheme’s investments. In addition, the Implementation Statement summarises the voting behaviour of the Scheme’s investment managers and includes details of the most significant votes cast and the use of the services of proxy voting advisers.

In preparing this statement, the Trustee has considered guidance from the Department for Work & Pensions which was updated on 17 June 2022. This statement has also been prepared with consideration of an Annual Voting Report prepared by the Trustee’s Investment Adviser. The Annual Voting Report includes detailed analysis of the voting records of the investment managers and a summary of the key findings is provided in this statement.

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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 invested in the following funds which included an allocation to equities:

- LGIM Diversified Fund
- LGIM (60:40) Global Equity Fund
- LGIM (60:40) Global Equity Fund – GBP Hedged
- 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 rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme year to reflect changes made to the Scheme's investment strategy, but wording relating to the exercise of rights was not revised. A summary of this wording 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

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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 Trustee considered the voting records of the investment managers over the period ending 31 March 2022.
- 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 2023 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 the investment managers used by the Scheme are UNPRI signatories.

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The Investment Managers' Voting Records

A summary of the LGIM's voting record is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against / withheld	Did not vote/ abstained
LGIM	150,000	76%	23%	1%

Notes

These voting statistics are based on LGIM's full voting record over the 12 months to 31 March 2023 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?
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 LGIM by considering the following:

- broad statistics of LGIMs 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 LGIM cast in the year to 31 March 2023 on the most contested proposals in nine categories across the UK, the US and Europe;
- LGIMs' policies and statements on the subjects of stewardship, corporate governance and voting.

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

Further details of the approach adopted by the Trustee for assessing voting behaviour are provided in the Appendix.

The Trustee's key observations are set out below.

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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 LGIM are listed in the Appendix. In addition, the Trustee considered LGIM'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).

Analysis of Voting Behaviour

LGIM

In the Annual Voting Report prepared by the Trustee's Investment Advisor, LGIM received a zero-star rating in one category due to a conflict of interest arising from their management of both active and passive funds, where the active funds can 'short' stocks held within the passive funds. It is important to note that while the manager received a zero-star rating in this area, it is solely because of the presence of the conflict of interest and not because there is any evidence that this conflict has been actively exploited. As a result, this zero-star rating does not raise any material concerns for the Trustee.

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.

It should also be noted 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 greenhouse gas emissions will be reduced).

The Trustee has no concerns regarding LGIM's voting record.

Partners Group

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

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The Partners Fund typically has an allocation of about 20% to listed strategies and the Scheme's allocation to the Partners Fund is just under 10% of total assets meaning exposure to listed strategies via the fund represents less than 2% of total 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 behaviour.

Conclusion

Based on the analysis undertaken, the Trustee has no material concerns regarding the voting records of LGIM.

The Trustee will keep the voting actions of LGIM under review.

Clare Kember

24 October 2023

Date

Signed on behalf of the Trustee of the Muntons plc Retirement Benefits Scheme

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Appendix

Significant Votes

The table below records how LGIM voted in the most significant votes identified by the Trustee.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LGIM
Audit & Reporting					
W. R. BERKLEY CORPORATION	15/06/2022	Ratify PwG LLP as Auditors	50	50	Against
TOPPS TILES PLC	18/01/2023	Appoint Mazars as the Auditors	63	37	For
PALACE CAPITAL PLC	29/07/2022	Receive the Annual Report	68	31	For
MODERNA INC.	28/04/2022	Appoint The Auditors	75	24	Against
INVECO PERPETUAL UK SMALLER COMPANIES	09/06/2022	Re-appoint Ernst & Young LLP as the auditor of the Company	76	24	For
Shareholder Capital & Rights					
TULLOCH OIL PLC	25/05/2022	Issue Shares for Cash	56	44	For
PLAYTECH PLC	30/06/2022	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital	58	42	For
		Issue Shares with Pre-emption Rights			
TOPPS TILES PLC	18/01/2023		63	37	For
PALACE CAPITAL PLC	29/07/2022	Issue Shares with Pre-emption Rights	62	37	For
FERRARI NV	13/04/2022	Grant Board Authority to Issue Special Voting Shares	71	29	Against
Pay & Remuneration					
THE COCA-COLA COMPANY	26/04/2022	Advisory Vote on Executive Compensation	50	49	Against
THE TJX COMPANIES INC.	07/06/2022	Advisory Vote on Executive Compensation	48	49	Against
ORANGE SA	19/05/2022	Approve Remuneration Policy of Chairman and CEO, CEO and Vice CEOs	50	49	Against
TRANSFORM GROUP INCORPORATED	12/07/2022	Advisory Vote on Executive Compensation	51	48	Against
HENRY SCHEIN INC.	18/05/2022	Advisory Vote on Executive Compensation	51	48	Against
Constitution of Company, Board & Advisors					
INTEL CORPORATION	12/05/2022	Elect Alyssa Henry - Non-Executive Director	50	49	Against
MOTOROLA SOLUTIONS INC.	17/05/2022	Elect Egon P. Durbin - Non-Executive Director	51	49	Against
M&T BANK CORPORATION	25/04/2022	Elect John R. Scannell - Non-Executive Director	51	49	Against
CARRIER GLOBAL CORP	14/04/2022	Elect David Gilin - Chair & Chief Executive	52	48	Against
CENTENE CORP	26/04/2022	Right to Call Special Meeting	47	53	Against
Merger, Acquisition, Sale & Finance					
FORESIGHT GROUP HOLDINGS LIMITED	10/08/2022	Approve the Waiver of Rule 9	53	47	Against
BALTI CLASSIFIEDS GROUP PLC	28/09/2022	Approve Waiver of Rule 9 of the Takeover Code	66	34	For
LUCECO PLC	12/05/2022	Approve Waiver of Rule 9 of the Takeover Code	74	26	Against
		Authorise Board to Issue Free Warrants with Pre-emptive Rights During a Public Tender Offer			
BOUYGUES SA	28/04/2022		76	24	Against
DASSAULT SYSTEMES SE	19/05/2022	Delegate Power to the Board to Carry Spin-Off Agreements	78	22	Against
Climate Related Resolutions					
GLENDRE PLC	28/04/2022	Climate Progress Report	76	24	Against
M&G PLC	25/05/2022	Approve Climate Transition Plan and Climate-Related Financial Disclosure	78	20	Against
CENTRICA PLC	07/06/2022	Approve Climate Transition Plan	79	20	For
Royal Dutch Shell	24/05/2022	Approve the Shell Energy Transition Progress	77	19	Against
UNITED UTILITIES GROUP PLC	22/07/2022	Approve Climate-Related Financial Disclosures	80	19	For
Other Company Resolutions					
TOPPS TILES PLC	18/01/2023	Meeting Notification-related Proposal	63	37	For
INVESTEC PLC	04/08/2022	Investec plc Approve Political Donations	70	29	For
LIONTRUST ASSET MANAGEMENT	22/09/2022	Meeting Notification-related Proposal	66	24	Against
DWF GROUP PLC	28/09/2022	Approve Political Donations	79	19	For
QUILTER PLC	12/05/2022	Approve Political Donations	82	18	For
Governance & Other Shareholder Resolutions					
ABBVIE INC.	06/05/2022	Shareholder Resolution: Submit Severance Agreement (Change-in-Control) to	50	49	For
NORTHROP GRUMMAN CORPORATION	18/05/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	For
APPLIED MATERIALS INC.	09/03/2023	Shareholder Resolution: Right to Call Special Meetings	50	50	For
GLOBAL PAYMENTS INC.	28/04/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	For
INTERCONTINENTAL EXCHANGE, INC.	13/05/2022	Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call	49	50	For
Environmental & Socially Focused Shareholder Resolutions					
PHILLIPS 66	11/05/2022	Shareholder Resolution: Report on Reducing Plastic Pollution	50	49	For
STARBUCKS CORPORATION	23/03/2023	Shareholder Resolution: Assessment of Worker Rights	51	47	For
AMAZON.COM INC.	25/05/2022	Shareholder Resolution: Report on Efforts to Reduce Plastic Use	49	51	For
MONDELEZ INTERNATIONAL INC.	18/05/2022	Shareholder Resolution: Oversee and Report on a Racial Equity Audit	48	51	Against
AMERICAN WATER WORKS COMPANY INC.	11/05/2022	Shareholder Resolution: Report on Third-Party Racial Equity Audit	47	50	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.

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Methodology for Determining Significant Votes

The methodology used to identify significant votes for this statement uses an objective measure of significance: the extent to which a vote was contested - with the most Significant Votes being those which were most closely contested.

The Trustee believes that this is a good measure of significance because, firstly, a vote is likely to be contentious if it is finely balanced, and secondly, in voting on the Trustee's behalf in a finely balanced vote, an investment manager's action will have more bearing on the outcome.

If the analysis was to rely solely on identifying closely contested votes, there is a chance many votes would be on similar topics which would not help to assess an investment manager's entire voting record. Therefore, the assessment incorporates a thematic approach; splitting votes into nine separate categories and then identifying the most closely contested votes in each of those categories.

A consequence of this approach is that the total number of Significant Votes is large. This is helpful for assessing an investment manager's voting record in detail but it presents a challenge when summarising the Significant Votes in this statement. Therefore, for practical purposes, the table on the previous page only includes summary information on each of the Significant Votes.

The Trustee has not provided the following information which DWP's guidance suggests could be included in an Implementation Statement:

- Approximate size of the Scheme's holding in the company as at the date of the vote.
- If the vote was against management, whether this intention was communicated by the investment manager to the company ahead of the vote.
- An explanation of the rationale for the voting decision, particularly where: there was a vote against the board; there were votes against shareholder resolutions; a vote was withheld; or the vote was not in line with voting policy.
- Next steps, including whether the investment manager intends to escalate stewardship efforts.

The Trustee is satisfied that the approach used ensures that the analysis covers a broad range of themes and that this increases the likelihood of identifying concerns about an investment manager's voting behaviour. The Trustee has concluded that this approach provides a more informative assessment of an investment manager's overall voting approach than would be achieved by analysing a smaller number of votes in greater detail.