

# Muntons plc Retirement Benefits Scheme

## Implementation Statement

### Year Ending 4 April 2022

#### 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 2021 to 4 April 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

#### Introduction

The Trustee has reviewed the extent to which its policy 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 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:

- LGIM (60:40) Global Equity Fund
- LGIM (60:40) Global Equity Fund – GBP Hedged
- LGIM Diversified Fund
- Baillie Gifford Multi-Asset Growth Fund
- 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 and a summary 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.
- During the Scheme Year, the Trustee introduced an allocation to an Insight buy and maintain bond Fund and the M&G Total Return Credit Investment Fund. The Trustee considered the ESG characteristics of these funds before selecting them but, because the funds do not include an allocation to equities, consideration of the exercise of voting rights was not relevant.
- During the Scheme Year, the Trustee considered the voting records of the investment managers over the 12 month 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 12 month 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 latest 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	Did not vote/ abstained / withheld
<b>Baillie Gifford</b>	20,000	93%	3%	4%
<b>LGIM</b>	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 relating 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?
<b>Baillie Gifford</b>	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
<b>LGIM</b>	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 since the manager will naturally be supportive of the management teams of the companies it has actively chosen to invest in. However, the strong level of support for management identified in Baillie Gifford's voting data may indicate a degree of over-confidence in the companies in which Baillie Gifford invests.

Baillie Gifford has held companies to account on climate change issues by opposing director proposals on climate change which were deemed not to go far enough and by supporting shareholder proposals in this area.

Baillie Gifford continues to be less supportive than many of its peers of shareholder proposals aimed at tackling social issues and this leaves Baillie Gifford open to criticism. The Trustee's Investment Adviser has reported this message back to Baillie Gifford.

### 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 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 CO<sub>2</sub> emissions will be reduced).

### 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).

The Partners Fund typically has an allocation of about 20% to listed strategies and the Scheme's allocation to the Partners Fund is about 7% of total assets meaning exposure to listed strategies via the fund represents approximately 1.5% 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 behavior.

## Conclusions

Based on the analysis undertaken, 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.

Clare Kember..... Date: 23 September 2022

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

## 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
<b>Audit &amp; Reporting</b>						
PHILLIPS 66	12/05/2021	Ratify Ernst & Young LLP as Auditors	50	49	For	Not held
ACTIVISION BLIZZARD 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
LABORATORY CORPORATION OF AMERICA	12/05/2021	Ratify Deloitte & Touche LLP as Auditors	37	62	For	Not held
INVESTEC PLC	05/08/2021	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	71	29	Against	Not held
<b>Shareholder Capital &amp; Rights</b>						
JPMORGAN GLOBAL CORE REAL ASSETS LIMITED	03/08/2021	Authorise Share Repurchase	50	50	For	Not held
HENDERSON SMALLER COMPANIES I.T. PLC	01/10/2021	Authorise Share Repurchase	42	56	For	Not held
ORANGE S.A	18/05/2021	Authorize Board to Increase Capital in the Event of Additional Demand Related to Delegation Submitted to Shareholder Vote Under Items 19-24	57	43	Against	Not held
PLAYTECH PLC	26/05/2021	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital	63	37	For	Not held
KERING SA	22/04/2021	Authorize Capital Issuances for Use in Employee Stock Purchase Plans	32	68	For	For
<b>Pay &amp; Remuneration</b>						
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
DXC TECHNOLOGY COMPANY	17/08/2021	Advisory Vote on Executive Compensation	46	51	Against	Not held
<b>Constitution of Company, Board &amp; Advisers</b>						
BERKSHIRE HATHAWAY INC.	01/05/2021	Elect Meryl B. Witmer - Non-Executive Director	50	50	Withhold	Not held
GEBERT AG	14/04/2021	Elect Werner Karlen - Non-Executive Director	50	50	For	Not held
JPMORGAN GLOBAL CORE REAL ASSETS LIMITED	03/08/2021	Elect Simon Holden - Senior Independent Director	50	50	For	Not held
SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY	20/10/2021	Elect Jay L. Geldmacher - Non-Executive Director	50	50	For	Not held
CORTEVA INC	07/05/2021	Elect Janet P. Giesselman - Non-Executive Director	50	50	Against	Not held
<b>Merger, Acquisition, Sales &amp; Finance</b>						
FIRSTGROUP PLC	27/05/2021	Approve Sale of First Student and First Transit	61	39	For	Not held
VONOVIA SE	16/04/2021	Issue Bonds/Debt Securities	79	21	For	Against
NORTH ATLANTIC SMALLER COMPANIES I.T. PLC	23/06/2021	Waive Rule 9 of the Take Over Code	33	17	Against	Not held
DELIVERY HERO SE	16/06/2021	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to Aggregate Nominal Amount of EUR 3 Billion; Approve Creation of EUR 14 Million Pool of Capital to Guarantee Conversion Rights	84	16	Against	For
BIOMERIEUX	20/05/2021	Authorize Issuance of Equity Upon Conversion of a Subsidiary's Equity-Linked Securities without Preemptive Rights for Up to EUR 4.21 Million	87	13	Against	Not held
<b>Climate Related Resolutions</b>						
BHP GROUP PLC	14/10/2021	Approve Company Climate Transition Action Plan	82	15	Against	Not held
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
GLENCORE PLC	29/04/2021	Approve Climate Action Transition Plan	89	5	Against	Not held
AENA SA	27/04/2021	Advisory Vote on Company's Climate Action Plan	96	4	For	Not held
<b>Other Company Resolutions</b>						
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
PETROPAVLOVSK PLC	30/06/2021	Meeting Notification-related Proposal	61	38	For	Not held
TE CONNECTIVITY LTD	09/03/2022	Allow Proxy Solicitation	62	38	Against	Not held
UNICREDIT SPA	15/04/2021	Approve Severance Payments Policy	73	27	For	Not held
<b>Governance &amp; Other Shareholder Resolutions</b>						
BORGWARNER INC	28/04/2021	Shareholder Resolution: Written Consent	50	50	Against	Not held
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
<b>Environmental &amp; Socially Focussed Shareholder Resolutions</b>						
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
EXXON MOBIL CORPORATION	26/05/2021	Shareholder Resolution: Issue Audited Report on Financial Impacts	47	49	For	Not held
TESLA INC	07/10/2021	Shareholder Resolution: Report on Diversity and Inclusion Efforts	55	41	For	Against
THE KROGER CO.	24/06/2021	Shareholder Resolution: Assess Environmental Impact of Non-	45	54	For	Not held

### 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 significant votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.