



Multitone Electronics plc Retirement Benefits Plan (‘Plan’)

31 December 2023 Implementation
Statement

April 2024

1. Introduction

The Trustees are required to make publicly available online a statement (“the Implementation Statement”) covering the Multitone Electronics plc Retirement Benefits Plan (‘Plan’) in relation to the Plan’s Statement of Investment Principles (the “SIP”).

The SIP was amended once during the year ending 31 December 2023. This SIP came into force from August 2023.

A copy of the current SIP signed and dated August 2023 can be found here [2020 NEW SIP Multitone-2020.pdf \(2020trustees.co.uk\)](#).

This Implementation Statement covers the period from 1 January 2023 to 31 December 2023 (the “Plan Year”). It sets out:

- How the Trustee’s policies on stewardship have been followed over the Plan Year; and
- The voting by or on behalf of the Trustees during the Plan Year, including the most significant votes cast and any use of a proxy voter during the Plan Year.

The latest guidance (“the **Guidance**”) from the Department for Work and Pensions (“**DWP**”) aims to encourage the Trustees of the Plan to properly exercise their stewardship policy including both voting and engagement which is documented in the Plan’s SIP. With the help of the Plan’s Fiduciary Manager, to whom the Trustees delegated the implementation of its Stewardship policy, this Implementation Statement has been prepared to provide the details on how the Trustees have complied with the DWP’s statutory guidance.

The Trustees use the Fiduciary Management service of **Schroders IS Limited** as their Investment Manager and Adviser (referred to as the “**Fiduciary Manager**” in the Implementation Statement). The Fiduciary Manager can appoint other investment managers (referred to as “**Underlying Investment Managers**”) to manage part of the Plan’s assets, and investments with these managers are generally made via pooled funds, where the Plan’s investments are pooled with those of other investors.

A copy of this Implementation Statement is available on the following website: [Multitone Electronics Plc - 20-20 Trustees \(2020trustees.co.uk\)](#)

2. How the Trustee's policies on stewardship have been followed over the Plan Year

The Trustee's Fiduciary Manager is a signatory to the *UK Stewardship Code* which sets high standards for those investing money on behalf of UK pensioners and savers. The Trustees expect the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Plan. Therefore, the Trustee's approach to stewardship is to delegate the stewardship activities to the Fiduciary Manager and as such the Trustees have aligned its stewardship priorities with the Fiduciary Manager's; **Climate Change, Natural Capital & Biodiversity** and **Human Rights**.

The UK Stewardship Code describes stewardship as "*the responsible allocation, management and oversight of capital to create long-term value ... leading to sustainable benefits for the economy, the environment and society.*" Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustees encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

The Trustees takes responsibility for regularly reviewing the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustees priorities and objectives. A copy of the Plan's SIP has been provided to the Fiduciary Manager, who is expected to follow the Trustees investment (including stewardship) policies when providing Fiduciary Management services.

As part of ongoing monitoring of how the Fiduciary Manager (FM) has exercised the Trustees stewardship policy, the Trustees reviewed quarterly FM ESG updates during the Plan Year, as well as the FM Annual ESG Report after the Plan Year-end, before preparing this Implementation Statement. The quarterly ESG updates allow the Trustees to monitor the ESG characteristics of the Plan's portfolio and thereby assess the Fiduciary Manager's allocation, management and oversight of the Plan's capital. The annual ESG report details various areas concerning the Fiduciary Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

The Trustees are satisfied that the expectations outlined in the SIP have been met, with the Fiduciary Manager taking the Trustee's stewardship policy and priorities into account as part of its stewardship activities and manager selection. Examples of how this has been evidenced over 2023, include:

- ❖ Exclusions of Global Norms Violators as part of the security selection process. This ensures a closer alignment of the Plan's investments with the Trustee's stewardship priorities, as violators are generally viewed as causing significant harm to People or Planet.
- ❖ Incorporation of SustainEx™ scoring into the core equity allocation process, in both the initial screening process and as a constraint at a total portfolio level. SustainEx™ is Schroders' proprietary tool to translate social and environmental impacts into financial costs.
- ❖ Conducting manager research to identify value-adding, climate-aware equity funds to potentially allocate some of the Plan's capital to, subject to further due diligence.
- ❖ Approval of a cash fund that offers improved environmental characteristics to the Plan's existing cash fund, with equivalent cost and return track record. After carrying out appropriate due-diligence in early 2024, the Plan's existing cash assets have now been invested in this fund.

- ❖ Annual assessment of Underlying Investment Managers' ESG ratings against a comprehensive internal ESG assessment framework. Lower-rated managers are categorised as either Red-Engagement or Red-Exclusion, requiring further engagement to improve their rating, or exclusion on the grounds of poor ESG credentials.
- ❖ Regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Plan's investments.
- ❖ Addition of voting and engagement examples to the quarterly ESG reporting provided to the Trustees, facilitating a more regular review throughout the year of the Underlying Investment Managers' stewardship activities.
- ❖ ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth and LDI portfolios. Some examples of the engagements which occurred over 2023 are detailed in a separate Engagement Report, available upon request.
- ❖ Introduction of new 'impact' metrics into quarterly reporting, such as Implied Temperature Rise (measuring the contribution of the Plan's investments to global warming) and SustainEx™ scoring, to facilitate better oversight of the impacts of the Plan's capital on the environment and society.

Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity (detailed in a separate Engagement Report, available upon request) that took place on the Trustees behalf during the Plan Year within the growth asset portfolio and the liability hedging portfolio, the Trustees are pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with its stewardship policy.

Specifically, the Trustees noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Plan Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.
- The Fiduciary Manager has also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Plan's liability hedging programme not only remained robust during the Gilt Crisis of Autumn 2022 and beyond, but the Fiduciary Manager also provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Plan.

Given the activities carried out during the Plan Year and by preparing this Implementation Statement, the Trustees believe they have acted in accordance with the DWP Guidance over the Plan Year.

3. Voting During the Plan Year

The Trustees have delegated responsibility for voting on its behalf to the Fiduciary Manager and Underlying Investment Managers. Most voting rights associated with the Plan's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Fiduciary Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustees, in line with the Trustees' stewardship policy.

Voting by the Fiduciary Manager

Over the year to 31 December 2023, regarding clients' pooled fund investments, the Fiduciary Manager voted on 141 resolutions across 26 meetings. The Fiduciary Manager voted against management on 1 resolution (0.7% of total resolutions) and abstained on 48¹ resolutions (34.0% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Voting by the Underlying Investment Managers

Most Significant Votes

The following criteria must be met for a vote to be considered "significant":

1. Must relate to the **BNY Mellon (Schroder Solutions) Global Equity Fund**;
2. Must be defined as significant by the Underlying Investment Manager; and
3. Must relate to the Trustee's six stewardship priority themes.

The **BNY Mellon (Schroder Solution) Global Equity Fund** constitutes c.25% of the Plan's Growth Asset portfolio and thus constitutes the majority of the Plan's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Plan's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Plan. From 1 January 2024, the proxy voting for this fund moved to Schroders' central ESG team which will ensure the voting policy going forward is guided by Schroders' **Engagement Blueprint** and therefore aligns with the Trustees' stewardship priorities.

Of the votes that satisfy these criteria, the Trustees have selected one vote relating to each of the priority themes that it deems most material to the long-term value of the investments. These votes are hereby defined as "most significant votes", and as per DWP guidance, the Trustees have communicated this definition of "most significant votes" to the Fiduciary Manager. All of the most significant votes over this Plan Year have been reported below.

CLIMATE CHANGE - *At the annual PACCAR Inc meeting on 25 April 2023, BNY Mellon voted in favour of the shareholder proposal for the Board of Directors to annually issue a report describing how the company's lobbying activities align with the goal of the Paris Agreement. This vote was considered "most significant" as it focuses on climate-related topics and the manager believes PACCAR is not transparent in disclosing their activities in this area. This vote failed, and Mellon will continue to engage with PACCAR and encourage them to disclose more information on lobbying generally, and specifically related to climate.*

¹ The Fiduciary Manager abstained from voting on these resolutions due to the presence of share blocking. If the Manager were to vote on a position, they would then be blocked from selling positions in the security from the voting deadline date until one day post meeting and, in the absence of an instruction from Investors, it is Schroders' policy to retain liquidity of the investment.

NATURAL CAPITAL & BIODIVERSITY - On 20 June 2023, BNY Mellon voted against a shareholder proposal for General Motors Company to report on setting sustainable sourcing targets. Mellon's rationale for voting against this proposal was due to their belief that the company has numerous existing initiatives addressing the items contained in the proposal, as well as top class disclosure on other sustainable sourcing data. This vote is considered "most significant" by the Trustee, as it focuses on the natural capital and biodiversity stewardship priority and the manager considers it to be significant since the company are already providing sufficient information in this area. The vote failed, and Mellon intend to continue engagement with General Motors to ensure that all disclosures are kept up to date and are focused on material concerns to the company and their long-term value.

HUMAN RIGHTS - At the Nike Inc, shareholder meeting on 12 September 2023, BNY Mellon voted against a shareholder proposal for the company to report on the effectiveness of supply chain management on equity goals and human rights commitments. BNY Mellon voted against the proposal as they believe the company's detailed disclosures already address the ask of the shareholder proposal and support of the proposal would not enhance the long-term shareholder value of the company as it would waste time and resources on information already provided. This vote relating to the Human Rights stewardship priority failed. Mellon will continue to engage with Nike and encourage the company to maintain their disclosures in the current detailed manner they are.

Summary Voting Statistics

The Fiduciary Manager uses c. 30 Underlying Managers; however, only the Plan's equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the 12 months to 31 December 2023 for the most material, active funds held on behalf of the Trustees that had voting rights during the period.

Equity Funds	BNYM Global Equity Fund	Morant Wright Fuji Yield Japanese Fund	Over the 12 months to 30 June 2023		
			Ninety One Global Strategy Fund	Morgan Stanley Global Brands Fund	Fundsmith Equity Fund
Total meetings eligible to vote	896	60	25	33	24
Total resolutions eligible to vote	11,334	751	328	519	382
Of resolutions eligible to vote, % of resolutions voted on	96%	100%	100%	100%	100%
Of voted resolutions, % vote with management	89%	84%	96%	88%	92%
Of voted resolutions, % vote against management	7%	16%	4%	12%	8%
Of voted resolutions, % abstained	1%	0%	0%	0%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	0%	N/A	Data not provided	9%	N/A

Note:

- BNYM, NinetyOne and Morgan Stanley use Institutional Shareholder Services, "ISS", for proxy voting services. BNYM also utilises Glass Lewis for research. The voting statistics provided may slightly differ depending on the exact composition the Plan holds.

- BNYM have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.
- Three of the equity managers (NinetyOne, Morgan Stanley and Fundsmith) were removed from the Plan’s portfolio in July 2023 hence the 12 months voting statistics are shown as at 30 June 2023.

A new equity fund, **FSSA All China**, held at the Plan Year-end, was introduced into the Growth portfolio in November 2023. Due to the Plan’s limited investment period in this fund during this Plan Year, the Trustees have elected to not include the 12-month voting statistics for this fund. Should the Plan still be invested in this fund for more than six months over the coming Plan Year, the Trustees will report the voting statistics for the fund in the next Implementation Statement.

<i>Alternative Funds</i>	Lumyna Marshall Wace - TOPS (Market Neutral) Fund	Lumyna Marshall Wace - TOPS Environmental Focus (Market Neutral) Fund	Lumyna Marshall Wace - Systematic Alpha Fund	North Rock Fund
Total meetings eligible to vote	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>	39
Total resolutions eligible to vote	5797	2667	5875	<i>Data not provided</i>
Of resolutions eligible to vote, % of resolutions voted on	100%	100%	100%	100%
Of voted resolutions, % vote with management	78%	63%	81%	100%
Of voted resolutions, % vote against management	12%	8%	12%	0%
Of voted resolutions, % abstained	10%	29%	8%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	8%	5%	8%	0%

Note:

- The voting statistics provided may slightly differ depending on the exact composition the Plan holds.
- Lumyna Marshall Wace and North Rock use Glass Lewis for proxy voting services.
- Lumyna Marshall Wace have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures have been rounded but may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.
- North Rock voted all resolutions with management or with the recommendations of the proxy advisory service.

Voting statistics are missing for one of the Underlying Investment Managers of the Plan's alternative asset allocation as they did not respond to the stewardship data request from the Fiduciary Manager. Following engagement with the Fiduciary Manager in December 2023, this manager has agreed to provide voting statistics for the Trustees to review going forward. Unfortunately, the voting data for the 12 months to 31 December 2023 was not received from this manager prior to the publication of this Implementation Statement. The Fiduciary Manager will continue to engage with this manager on behalf of the Trustees to request this data.

The Trustees are satisfied that the voting and engagement activities undertaken by both the Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities the Trustees have determined during the Plan Year, hence the Trustees believe it has satisfactorily implemented the Stewardship Policy stated in the Plan's SIP.

Appendix 1 – ESG, Voting and Engagement Policies

Links to the voting and responsible investment policies for both the Fiduciary Manager and Underlying Investment Managers of the Plan’s actively managed holdings can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	schroders-esg-policy.pdf https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf
Bank of New York Mellon	https://www.mellon.com/content/dam/mellondotcom/pdf/disclosures/proxy-voting-guidelines-mellon.pdf
Morant Wright	https://www.morantwright.co.uk/sites/default/files/policies/voting_policy_2023.pdf
Morgan Stanley	https://www.morganstanley.com/im/publication/resources/proxyvotingpolicy_msim_en.pdf?1615985960657
Ninety One	https://ninetyone.com/-/media/documents/stewardship/91-stewardship-policy-and-proxy-voting-guidelines-en.pdf
Fundsmith	https://www.fundsmith.co.uk/media/swxplrtrk/responsible-investment-policy.pdf
Leadenhall	https://www.leadenhallcp.com/esg
Neuberger Berman	https://www.nb.com/en/global/esg/engagement
CBRE	CBRE Global ESG policy: https://www.cbreim.com/-/media/project/cbre/bussectors/cbreim/home/about-us/sustainability/cbreim-global-esg-policy.pdf