

Intelek Pension Scheme

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31st December 2023

Introduction

This statement sets out how, and the extent to which, the Scheme's Engagement Policy in the Statement of Investment Principles ("SIP") produced by the Trustees have been followed during the year running from 1 January 2023 to 31 December 2023 (the "Scheme Year"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the SIP dated September 2020 (covering the period between 1 January 2023 and 31 December 2023).

The Trustees can confirm that all policies in the SIP on engagement in relation to the Scheme's DB assets have been followed during the Scheme Year

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set.

As set out in the SIP, the Trustees' primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

The Trustees also ensure that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustees policies on ESG factors, stewardship and climate change. The Trustees keep their policies under regular review. The SIP was not changed over the Scheme Year.

The current SIP is available online at the following link: www.teledynedefenseelectronics.com

Scheme's Investment Structure

The Scheme's only investment is a Trustee Investment Policy ('TIP') with Mobius Life Limited ('Mobius'). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

As such, the Trustees have no direct relationship with the Scheme's underlying investment managers, but have the responsibility of monitoring the pooled funds, in conjunction with advice received from their investment advisor, Mercer.

Trustees Engagement

Mercer's quarterly performance reporting includes Mercer's ESG scores for the funds in which the Scheme is invested. These scores reflect Mercer's view on how the managers incorporate ESG factors into the management of their funds and help the Trustees to determine whether further action should be taken in respect of specific funds.

The Trustees monitor the development of these scores over time, and also consider Mercer's ESG scores when undertaking an investment strategy review and considering new investment funds.

The Trustees are satisfied that Mercer's ESG scores for the funds invested in are satisfactory in the context of the mandates of the funds.

As the Trustees have no direct relationship with the Scheme's underlying investment managers the engagement initiatives are driven by the investment managers, mainly through regular engagement meetings with the companies in which they invest or by voting on key resolutions at companies' Annual General Meetings.

Further information on the investment managers' approach to responsible investment, voting (including significant votes) and engagement with the investee companies is available at the following websites:

Nordea:

<https://www.nordeaassetmanagement.com/responsible-investment>

Columbia Threadneedle:

<https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/>

Pictet:

<https://am.pictet/en/us/global-articles/company/responsible-investment/tab/OurActionPlan/LeversOfAction>

Payden & Rygel:

<https://www.payden.com/ESG.aspx>

Legal & General:

<https://www.lgim.com/uk/en/capabilities/investment-stewardship/>

All the Scheme's investment managers are signatories of the UK Stewardship Code as follows:

Manager	Signatory Since
Pictet	2022
Columbia Threadneedle	2022
Nordea	2022
Payden & Rygel	2021
Legal & General	2021

Source: FRC website

Taking all the above into consideration, the Trustees are satisfied that Responsible Investment is central to the investment managers' approaches to investing.

Voting Activity

If the Trustees are specifically invited to vote on a matter relating to the corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's members.

Over the Scheme year, the Trustees have not been asked to vote on any specific matters and have therefore not cast any votes.

As noted earlier, the Trustees have no direct relationship with the pooled funds the Scheme is ultimately invested in, and therefore the Trustees have no voting rights in relation to the Scheme's investments and no direct ability to influence the managers of the pooled funds. As a result, the Trustees do not directly use the services of a proxy voter as this is not relevant.

The DWP released a set of Engagement Policy Implementation Statement requirements on 17 June 2022, "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance" to be adopted in all Engagement Policy Implementation Statements for schemes with years on or after 1 October 2022. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote".

- A significant vote is defined as one that is linked to the Scheme's stewardship priorities/themes;
- A vote could also be significant for other reasons, e.g. due to the size of holding;
- Trustees are to include details on why a vote is considered significant and rationale for voting decision.

Appendix 1 sets out a summary of the key voting activity over the financial year of the pooled funds in which the Scheme's assets are ultimately invested for which voting is possible (i.e., those funds which include equity holdings).

This includes information on what the fund managers consider to be a significant vote. The Trustees have no influence on the managers' definitions of significant votes but have noted these and are satisfied that they are reasonable and appropriate.

The Appendix shows those significant votes supplied by the investment manager which the Trustees determine to be a significant vote – i.e. those that relate to the 10 largest holdings of each underlying fund as at year end.

Assessment of how the Engagement Policies in the SIP have been followed for the year to 31 December 2023

The Trustees are satisfied that the Engagement Policies set out in the SIP, which have been in place over the year have been followed.

Appendix 1 – Voting Activity

Columbia Threadneedle – Multi Asset Fund

Proxy voter used?	Votes cast			Significant votes
	Votes in total	Votes against management endorsement	Abstentions	
ISS – Threadneedle take recommendations and vote via ISS.	7,316 eligible votes (voted on 98.8%)	11.6%	1.7%	A significant vote is deemed one to be any dissenting vote which is cast against (either abstaining or withholding from voting) a management tabled proposal or one which has been tabled by shareholders and not endorsed by management.
Glass Lewis & Co. – recommendations only.				
IVIS – recommendations only.				

Most Significant Votes:

Amazon.com, Inc. (0.8% fund weighting) – Votes ‘for’ were cast on the ‘Report on Impact of Climate Change Strategy Consistent with Just Transition Guidelines, ‘Report on Median and Adjusted Gender/Racial Pay Gaps’ on the 24th May 2023. The rationale for the first vote was that shareholders would benefit from more disclosure on whether and how the company considers human capital management and community relations issues related to the transition to a low-carbon economy as part of its climate strategy. The rationale for the second vote was that the proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management. The outcome of both votes was ‘against’. Management were not informed in advance of the votes. With regard to implications of the outcome of the vote Threadneedle comment ‘Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.’

Alphabet Inc. (0.4% fund weighting) – Votes ‘abstain’ were cast on ‘Report on Risks of Doing Business in Countries with Significant Human Rights Concerns’ on 2nd June 2023. The rationale behind the voting was ‘the company faces risks related to human rights in its global operations. Good practice includes developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated’. The outcome of the vote was ‘against’. Management were not informed in advance of the vote. With regard to implications of the outcome of the vote Threadneedle comment ‘Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.’

Source: Columbia Threadneedle Investments, Information as at 31 December 2023.

Nordea – Diversified Return Fund

Proxy voter used?	Votes in total	Votes cast Votes against management endorsement	Abstentions	Significant votes
ISS – for recommendations only.				Significant votes are those that are severely against Nordea’s principles, and where they feel they need to enact change in the company. The process stems from first identifying the most important holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason. From there, they benchmark the proposals versus their policy.
NIS – for recommendations only.	2,486 eligible votes (voted on 98.2%)	11.8%	2.6%	
Nordea makes its own voting decisions.				

Most Significant Votes:

Alphabet (4.8% fund weighting) – a vote ‘against’ was cast on ‘Report on Lobbying Payments and Policy, Report on Framework to Assess Company Lobbying Alignment with Climate Goals etc.’ on 2 June 2023. The rationale behind the vote was that at the Alphabet AGM management voting recommendations was against on all these proposals but the dominant position of Google, its impact on society and integrity of individuals is very important for Nordea as an investor. The outcome of the vote was “against”. Management were not informed in advance of the vote. With regard to implications of the outcome of the vote Nordea comment ‘We will continue to support shareholder proposals on these issues as long as the company is not showing substantial improvements.’

Microsoft Corporation (4.5% fund weighting) – a vote ‘for’ was cast on ‘Report on tax transparency (shareholder proposal)’ on 7 December 2023. The rationale behind the vote proposed was that GRI Tax Standard would enhance the company's transparency in communicating its tax practices to investors globally. The outcome of the vote was “against”. Management were not informed in advance of the vote. With regard to implications of the outcome of the vote Nordea comment ‘Significant votes are those that are severely against our principles, and where we feel we need to enact change in the company’.

Microsoft Corporation (4.5% fund weighting) – a vote ‘for’ was cast on ‘Report on Risks of Operating in Countries with Significant Human Rights Concerns’ on 7 December 2023. The rationale behind the vote proposed was that increased disclosure regarding how the company is managing human rights-related risks in high-risk countries helps investors in their assessment of the company. The outcome of the vote was “against”. Management were not informed in advance of the vote. With regard to implications of the outcome of the vote Nordea comment ‘Significant votes are those that are severely against our principles, and where we feel we need to enact change in the company’.

Source: Nordea, Information as at 31 December 2023 for the votes metrics and as at Q4 2023 for the votes rationale.

Pictet – Multi Asset Portfolio

Proxy voter used?	Votes in total	Votes cast Votes against management endorsement	Abstentions	Significant votes
ISS – for monitoring meetings data and voting schedules	279 eligible votes (voted on 100%)	6.5%	0%	Pictet considers a vote to be significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or they hold an important stake in the company.

Most Significant Votes:

Microsoft (2.0% fund weighting)

A vote 'for' was cast on 'Item 8 - Report on Risks of Weapons Development' on 7th December 2023. The rationale behind the vote was 'a vote for this resolution is warranted as shareholders would benefit from the requested report by allowing them to better understand Microsoft's management and oversight of risks related to weapons development'. The outcome of the vote was 'against'.

Pictet's second vote 'for' was cast on 'Item 9 - Report on Climate Risk in Retirement Plan Options' on 7th December 2023. The rationale behind the vote was 'a vote for this resolution is warranted. While the company offers an option to employees that want to invest more responsibly, it is unclear how well employees understand the retirement plans available to them. The information requested in the report would not only complement and enhance the company's existing commitments regarding climate change, but also allow shareholders to better evaluate the company's strategies and management of related risks'. The outcome of the vote was 'against'.

Pictet's third vote 'for' was cast on 'Item 10 - Publish a Tax Transparency Report' on 7th December 2023. The rationale behind the vote was 'a vote for this proposal is warranted as the proposed GRI Tax Standard would enhance the company's transparency in communicating its tax practices to investors globally'. The outcome of the vote was 'against'.

Pictet's fourth vote 'for' was cast on 'Item 11 - Report on Risks of Operating in Countries with Significant Human Rights Concerns' on 7th December 2023. The rationale behind the vote was 'a vote for this proposal is warranted. Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries'. The outcome of the vote was 'against'.

Pictet's fifth vote 'for' was cast on 'Item 13 - Report on Risks Related to AI Generated Misinformation and Disinformation' on 7th December 2023. The rationale behind the vote was 'a vote for this proposal is warranted. Increased disclosure and greater transparency regarding risks related to misinformation and disinformation, including from generative AI, would benefit shareholders on its potential business impacts and how the company is managing these risks'. The outcome of the vote was 'against'.

Management were not informed in advance of any of the five votes described above. With regard to implications of the outcome of the vote Pictet comment for each 'We noted the outcome of the vote. Where we believe the subject of the vote could present a material concern from an ESG perspective, we will continue to monitor and engage with the company, and are doing so in this case. If warranted, we will consider actions as part of our escalation strategy, including future voting decisions..

Fortescue Metals Group (0.4% fund weighting)

A vote 'against' was cast on 'Item 1 - Approve Remuneration Report' on November 2023. The rationale behind the vote was 'a vote against the remuneration report is warranted despite the three-year analysis of pay alignment with performance not identifying any significant misalignment. Financial measures declined further in FY23 offset by an increase in share price recovering most of the lost ground from the prior year.. Management were not informed in advance of any of the vote. The outcome of Item 1 was 'against'

With regard to implications of the outcome of the vote Pictet comment 'We noted the outcome of the vote. Where we believe the subject of the vote could present a material concern from an ESG perspective, we will continue to monitor and engage with the company, and are doing so in this case. If warranted, we will consider actions as part of our escalation strategy, including future voting decisions..

Source: Pictet, Information as at 31 December 2023.

Notes: ISS = Institutional Shareholder Services Inc. IVIS = Institutional Voting Information Service. NIS = Nordic Investor Services. All information is shown as at 31 December 2023