

# Intelek Pension Scheme

## ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31<sup>st</sup> December 2024

### 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 has been followed during the year running from 1 January 2024 to 31 December 2024 (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 2024 and 31 July 2024) and the SIP dated July 2024 (covering the period between 1 August 2024 and 31 December 2024).

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 changed over the Scheme Year following an investment strategy review update.

The current SIP is available online at the following link: <https://www.teledynelabtech.com/en-us/Who%20We%20Are/Pages/Terms-%26-Conditions.aspx>.

The Trustees have delegated responsibility for the selection, retention, and realisation of investments to their investment managers and accordingly, the Trustees seek to manage the risks and opportunities associated with these ESG factors by selecting industry leaders in investment management who are committed to the Principles for Responsible Investment ("UNPRI") (as they apply to the sector in which the manager invests or the strategy pursued by the manager) and against criteria which include ESG considerations. ESG and the level of integration will differ across asset classes and by investment manager.

The Trustees do not require the Scheme's investment managers to take non-financial matters into account in their selection, retention and realisation of investments.

### **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.

Engagement initiatives are driven by the Scheme's underlying 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:

<b>Manager</b>	<b>Signatory Since</b>
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 factored in to the investment managers' approaches to investing.

## Voting Activity

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.

## Significant Vote Definition

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".

The Trustees define a significant vote as one that is linked to the stewardship priorities/themes outlined below. The Trustees have applied a size threshold on grounds of materiality and only considered votes to be significant if they relate to the top 10 holdings of the underlying pooled funds. Additional detail is provided on these votes.

- Environmental (E) – Climate change (e.g. vote on a company's carbon disclosures)
- Social (S) – Human rights (e.g. worker conditions, safety and pay)
- Governance (G) – Corporate Governance (e.g. Board quality, diversity, remuneration and inclusion)

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 the 'most significant'. The most significant votes, detailed below, are determined by the trustees as 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 2024

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.	5,791 eligible votes (voted on 99.1%)	7.8%	1.2%	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. (1.6% fund weighting)** – Votes ‘for’ were cast on the ‘Report on Median and Adjusted Gender/Racial Pay Gaps’ on the 22<sup>nd</sup> May 2024. The rationale for the 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 the vote 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. (1.3% fund weighting)** – Votes ‘for’ were cast on ‘Report on Lobbying Payments and Policy’ on 7<sup>th</sup> June 2024. The rationale behind the voting was ‘While we appreciate that the company provides some disclosure around board and management oversight of lobbying activities and information on its policy priorities, we note that the company does not disclose direct lobbying expenses on its website or in a user-friendly format, does not disclose indirect lobbying expenses or expenditures made to organizations that may lobby on its behalf, does not disclose a congruency report for its lobbying, and does not address grassroots lobbying in its policies. It also does not describe specific board and management oversight for its trade association memberships’. Management were not informed in advance of the vote. With regard to implications of the outcome of the vote Columbia Threadneedle comment ‘Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.’

**Alphabet Inc. (1.3% fund weighting)** – Votes ‘for’ were cast on ‘Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies’ on 7<sup>th</sup> June 2024. The rationale behind the voting was ‘Shareholders would benefit from further information on how the company plans to mitigate human rights risks related to its targeted advertising practices given the company faces several investigations regarding its practices and with rising regulatory risks particularly in the EU’. Management were not

informed in advance of the vote. With regard to implications of the outcome of the vote Columbia Threadneedle comment 'Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.'

**Apple Inc. (1.6% fund weighting)** – Votes 'for' were cast on the 'Report on Median Gender/Racial Pay Gaps' on the 28<sup>th</sup> February 2024. The rationale for the 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 the vote was 'against'. Management were not informed in advance of the votes. With regard to implications of the outcome of the vote Columbia 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 2024.

#### Nordea – Diversified Return Fund

Proxy voter used?	Votes cast			Significant votes
	Votes in total	Votes against management endorsement	Abstentions	
<b>ISS – for recommendations only.</b>				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.
<b>NIS – for recommendations only.</b>	2,417 eligible votes (voted on 95.5%)	11.9%	1.0%	
<b>Nordea makes its own voting decisions.</b>				

#### Most Significant Votes:

**Alphabet (4.7% fund weighting)** – a vote 'for' was cast on 'Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies.' on 7 June 2024. The rationale behind the vote was that at the Alphabet AGM management voting voted for several shareholder resolutions at the Alphabet AGM. This specific as an independent human rights assessment on the impacts would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices. 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 Risks of Operating in Countries with Significant Human Rights Concerns’ on 10 December 2024. The rationale behind the vote proposed was to support the proposal as it improves transparency on material ESG issues such as human rights risk. The outcome of the vote was “against (but 32% votes for)”. 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 this issue as long as it is needed’.

**Ross Stores Inc (0.7% fund weighting)** – a vote ‘for’ was cast on ‘Disclose All Material Value Chain GHG Emissions’ on 22 May 2024. The rationale behind the vote proposed was to support the proposal as 50% of the Long-Term Incentive Plan for management is time-based. The outcome of the vote was “for”. Management were not informed in advance of the vote. With regard to implications of the outcome of the vote Nordea comment ‘Disclosure of all material value chain GHG emissions would allow shareholders to better evaluate the company’s progress toward its net zero ambition and help it prepare for potential regulatory requirements’.

**Mastercard Incorporated (1.5% fund weighting)** – a vote ‘for’ was cast on ‘Report on Gender-Based Compensation and Benefit Inequities’ on 18 June 2024. The rationale behind the vote proposed was that the additional disclosure of the company’s direct and indirect lobbying related expenditures would help shareholders better assess the risks and benefits associated with the company’s participation in the public policy process. 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 this issue as long as it is needed.’

**Source:** Nordea, Information as at 31 December 2024.

## Pictet – Multi Asset Portfolio

Proxy voter used?	Votes in total	Votes cast		Significant votes
		Votes against management endorsement	Abstentions	
<b>ISS – for monitoring meetings data and voting schedules</b>	107 eligible votes (voted on 100%)	33.6%	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:

**Apple (2.2% fund weighting)** - A vote 'for' was cast on 'Report on Median Gender/Racial Pay Gap' on 28<sup>th</sup> February 2024. The rationale behind the vote was 'median pay gap statistics would allow shareholders to better compare and measure the progress of the company's diversity and inclusion initiatives'. The outcome of the vote was 'rejected'.

**Amazon.com, Inc. (1.2% fund weighting)** - A vote 'for' was cast on 'Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines' on 22 May 2024. The rationale behind the vote was '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 outcome of the vote was 'rejected'.

**Microsoft Corp (0.5% fund weighting)** - A vote 'for' was cast on 'Report on Risks of Operating in Countries with Significant Human Rights Concerns' on 10<sup>th</sup> December 2024. The rationale behind the vote was '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 'rejected'.

Pictet's second vote 'for' was cast on 'Report on Risks Related to AI Generated Misinformation and Disinformation' on 10<sup>th</sup> December 2024. The rationale behind the vote was '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 'rejected'.

Pictet's third vote 'for' was cast on 'Report on AI Data Sourcing Accountability' on 10<sup>th</sup> December 2024. The rationale behind the vote was 'the company is facing increased risks related to copyright infringement. Although it discloses information about its assessment of AI risks generally, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models'. The outcome of the vote was 'rejected'.

Management were not informed in advance of any of the 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.'

**Source:** Pictet, Information as at 31 December 2024.

**Notes:** ISS = Institutional Shareholder Services Inc. IVIS = Institutional Voting Information Service. NIS = Nordic Investor Services. All information is shown as at 31 December 2024