



Red Bee Media Pension Plan Implementation Statement, covering the year ended 30 June 2020

1. Introduction

The Trustee of the Red Bee Media Pension Plan (the “Plan”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the year.

The voting and engagement policies in the SIP were reviewed and updated during the year in September 2019 to reflect Trustee’s “moderate” accommodation of responsible investment related issues. Further details on these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Plan’s voting and engagement policies during the year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took a number of steps to review the Plan’s new and existing managers and funds over the period, as described in Section 2.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Plan’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

At the meeting in May 2019 the Trustee received training from its investment adviser on environmental, social and governance (ESG) issues, including voting and engagement, and how they could have a financial impact on the Plan’s investments. The training highlighted the DWP legislation which clarified and strengthened trustees’ duties in reference to ESG issues and the requirement to state the Trustee’s ESG policies in the SIP by 1 October 2019. Following discussion at the meeting, the Trustee Directors decided to take a “moderate” stance on ESG issues, as they believe that ESG factors are likely to be *one* area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking them

into account. The SIP was subsequently updated to reflect this view in September 2019, following employer consultation.

Over the year the Trustee invested in two new pooled funds; the Kames Active Beta UK Property Fund in September 2019 and Insight's Liquidity Plus Fund in December 2019. In selecting the new funds, the Trustee reviewed LCP's formal investment advice, which incorporated RI assessments including consideration of the Kames' and Insight's voting and engagement policies.

Insight presented to the Trustee at its meeting in December 2019 and as part of this Insight covered how ESG considerations, are taken into account in the absolute return bond and LDI funds that the Plan invests in. However there is limited scope for voting and engagement in these particular asset classes.

In May 2020, the Trustee reviewed LCP's responsible investment (RI) scores for the Plan's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the approach to ESG factors, voting and engagement. The scores were based on LCP's ongoing manager research programme and LCP's biennial Responsible Investment Survey, both of which directly affect LCP's fund recommendations. Overall the Trustee Directors were satisfied with the results for the majority of the funds the Plan invests in and no red flags were identified. They did note that the Kames property fund and Insight absolute return bond funds scored below average in the survey. Given the nature of these particular asset classes, there is a more limited scope for the managers to score highly in the survey. However the Trustee Directors decided to note to raise this topic for discussion with Kames and Insight the next time they present at a Trustee meeting, to probe them further.

3. Description of voting behaviour during the year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the year.

In this section we have sought to include voting data on the Plan's funds that hold equities as follows:

- L&G's passive equity funds; and
- Pyrford's diversified growth fund.

In addition to the above, the Trustee contacted the Plan's other asset managers that don't hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the period. Commentary provided from these managers is set out in Section 3.4.

3.1 Description of the voting processes

The Trustee notes the following statements made by **L&G** describing its voting process:

"As an active and engaged investor, we take very seriously our responsibility to exercise the voting rights of our clients' assets. We direct the vote of a significant proportion of a company's shares by exercising the shareholder rights of almost all our clients. This improves

the effectiveness of voting in supporting our engagement activities and bringing about change in the market as a whole. We are wholly committed to using this power to encourage companies to improve their management of Environmental, Social and Governance (ESG) issues, and we continue to dedicate significant resources to our stewardship obligations. The priority of our voting policies is to cover key issues which are essential for the protection of companies, shareholders and stakeholders; these include key minimum ESG standards. These policies are regularly reviewed to ensure that our engagement activities are reflected and feedback from our clients and other stakeholders is integrated. In addition, we remain cognisant of the evolving regulatory and corporate landscape, best practice and emerging issues. LGIM takes its responsibility seriously and therefore we aim to minimise abstentions unless it is technically impossible to vote.

We use ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. For further information on this please find our policy at: <https://www.lgim.com/landq-assets/lqim/document-library/capabilities/how-lqim-uses-proxy-voting-services.pdf>."

The Trustee notes the following statements made by **Pyrford** describing its voting process:

"It is Pyrford's policy to consider every resolution individually and to cast a proxy on each issue; the sole criteria for reaching these voting decisions being the best interests of the client. This is part of Pyrford's broader fiduciary responsibility to its clients.

Pyrford have appointed ISS Proxy Voting Services to monitor meetings data and to produce a voting schedule based upon Pyrford's guidelines. This schedule requires authorisation by an appropriately authorised member of the Pyrford Investment team before the votes are registered.

Pyrford will only abstain on a vote where it proves impossible to obtain adequate or reliable details of the proposals to be voted on within the required time frame. Pyrford believe that, having appointed ISS, this is now only likely to happen in exceptional circumstances."

The Trustee notes the following statements from **Kames** describing its voting process:

"Kames actively seeks seats on advisory boards and makes every effort to attend unit holder meetings.

In addition Kames has a policy of actively using its votes at AGMs and EGMs and, whilst it will inform managers beforehand, and explain its stance, it aims to vote in a consistent way and will vote against any proposals that it believes do not accord with the interests of the clients or funds it represents. Kames will only abstain from a vote where that abstention has the effect of either 'approving' or 'rejecting' a proposal.

Kames does not publish its voting history in respect of unlisted property but reports all voting and corporate actions on a quarterly basis to its clients."

3.2 Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the table below.

Manager name	L&G	L&G	L&G	L&G	L&G	L&G	Pyrford	Kames
Fund name	UK Equity Index Fund	North America Equity Index Fund (hedged and unhedged)	Europe (ex UK) Equity Index Fund (hedged and unhedged)	Japan Equity Index Fund (hedged and unhedged funds)	Asia Pacific (Ex Japan) Developed Equity Index Fund (hedged and unhedged)	World Emerging Markets Equity Index Fund	Global Total Return Fund	Active Beta UK Property Fund
Value of Plan assets at end of reporting period	£7m	£6m	£5m	£3m	£2m	£7m	£15m	£9m
Number of holdings at end of reporting period	694	714	513	515	394	1822	57	13 (underlying funds)
Number of meetings eligible to vote	748	674	419	503	447	1408	55	4
Number of resolutions eligible to vote	10781	8462	7371	6067	3155	12560	860	10
% of resolutions voted	100	100	100	100	100	100	92	70
Of the resolutions on which voted, % voted with management	93	74	82	86	76	81	95	70
Of the resolutions on which voted, % voted against management	7	26	18	14	24	18	5	30
Of the resolutions on which voted, % abstained from voting	0	0	0	0	0	1	0	0
Of the meetings in which the manager voted, % with at least one vote against management	72	93	74	67	69	56	53	50
Of the resolutions on which voted, % voted contrary to recommendation of proxy advisor	6	22	8	10	15	8	3	n/a

3.3 Most significant votes over the year

Commentary on the most significant votes over the period, from the Plan's asset managers who hold listed equities, is set out below.

The following information on significant votes has been provided by L&G:

In determining significant votes, L&G's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Barclays, May 2020

Resolution 29 - Approve Barclays' Commitment in Tackling Climate Change, Resolution 30 - Approve ShareAction Requisitioned Resolution". LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction. The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. LGIM are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome.

ExxonMobil, May 2020

Resolution 1.10 - Elect Director Darren W. Woods. In June 2019, under LGIM's annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, they announced that we will be removing ExxonMobil from their Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, LGIM also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, LGIM's voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.

Amazon, May 2020

Shareholder resolutions 5 to 16. LGIM voted to support 10 out of the 12 shareholder proposals. In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting, Amazon was on the front lines of a pandemic response. The company was already on the back foot owing to the harsh workplace practices alleged by the author of a seminal article in the New York Times published in 2015, which depicted a bruising culture. The news of a string of workers catching COVID-19, the company's response, and subsequent details, have all become major news and an important topic for LGIM's engagements leading up to the proxy vote. LGIM's team has had multiple engagements with Amazon over the past 12 months. The topics of LGIM's engagements touched most aspects of ESG, with an emphasis on social topics:

- Governance: Separation of CEO and board chair roles, plus the desire for directors to participate in engagement meetings
- Environment: Details about the data transparency committed to in their 'Climate Pledge'
- Social: Establishment of workplace culture, employee health and safety

The allegations from current and former employees are worrying. Amazon employees have consistently reported not feeling safe at work, that paid sick leave is not adequate, and that

the company only provides an incentive of \$2 per hour to work during the pandemic. Also cited is an ongoing culture of retaliation, censorship, and fear. LGIM discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies. However, some of their responses seemed to have backfired. For example, a policy to inform all workers in a facility if COVID-19 is detected has definitely caused increased media attention.

The following information on significant votes has been provided by Pyrford:

Votes Pyrford deem to be “significant” are where it believes the outcome could have a meaningful impact on shareholder returns over our five-year investment horizon. These could include management and board appointments and compensation, decisions affecting capital structure as well as company responses to social, environmental or competitive pressures.

Pyrford has only included votes against management however for future submissions it may include a wider sample including votes with management on significant issues. At this stage Pyrford is unable to report on the outcome of each vote however it hopes to be able to provide this for future statements.

Vodafone Group PLC, July 2019

Approve Remuneration Report - Advisory Vote to Ratify Named Executive Officers' Compensation. A vote against this resolution was warranted on account of (1) The number of shares awarded in June 2019 under the Long Term Incentive Programme (LTIP) is significantly higher than in FY2018/19 following a material fall in share price; and (2) The threshold level of vesting is more than 100% of salary for the CEO which represents c£1.1m.

Saputo Inc. August 2019

Community / environment impact - Shareholder proposal for a report on the Environmental and Social Impacts of Food Waste. A Vote in favour of this shareholder proposal was warranted due to the scope of the proposal, company's FY2018 environmental performance and lack of comprehensive disclosure regarding measurable actions undertaken to reduce food waste generated from the company's operations.

SGS SA, March 2020

Elect Director - Re-elect Paul Desmarais as Director. A Vote against was warranted for any nominee who attended less than 75% of the board and committee meetings that they were scheduled to attend during the previous fiscal year.

Sanofi, April 2020

Advisory Vote to Ratify Named Executive Officers' Compensation - Approve Compensation of Olivier Brandicourt, CEO Until 31 August 2019. A vote against this remuneration report was warranted for a number of reasons including the deemed ten-year service under the defined-benefit pension scheme granted to new CEO upon his arrival at the company was a practice lying well below market standards in France with insufficient information provided for shareholders to enable assessment of the reasonableness of the award.

British American Tobacco Plc, April 2020

Advisory Vote to Ratify Named Executive Officers' Compensation - Approve Remuneration Report. A vote against the remuneration report was considered warranted on account of the following: - CEO Jack Bowles was granted a 9.5% salary increase for FY2020. From FY2020, the new CFO's LTIP award has been increased to 400% of salary, up from 350% of salary previously (albeit on a lower salary rate than his predecessor).

Woodside Petroleum Ltd, April 2020

Report on Climate Change - Approve Paris Goals and Targets. A vote in favour of this resolution was warranted. The company's current level of disclosure regarding its capital expenditure strategy and greenhouse gas emissions do not appear to align with Paris goals under reasonable assumptions.

GlaxoSmithKline, May 2020

Approve Remuneration Policy. A vote against the resolution was warranted as the incumbent US-based Executive Director's pension arrangements subsist at a level significantly higher than that of the wider workforce, and there was no disclosed plan towards alignment over time.

3.4 Votes in relation to assets other than listed equity

The Trustee is aware that voting opportunities may arise in asset classes other than listed equities. The therefore Trustee contacted the Plan's other asset managers that don't hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the period.

Below is commentary provided by Kames in relation to the UK property fund-of-funds in which the Plan invests:

"Proxy voting/corporate actions within pooled property funds is very different to voting seen with say the likes of equities where there are numerous potential possibilities for voting. The managed/insured wrapped funds (eg L&G Assurance (Pensions Management) Ltd, Threadneedle Pensions Ltd, & Standard Life Property Fund) are in effect an insurance policy and as such there is no voting. Were the manager of such funds to impose changes to the fund against investors wishes (unlikely) the investor has the remedy of redeeming its holding.

In the case of all funds items such as remuneration, strategy, concentration etc are set out in the trust deed/policy (If we felt these were unsuitable then we would not invest in such funds the first place) and are rarely amended and therefore there are few investor votes. The majority of votes that we see are to approve accounts, appoint auditors, permit the manager to set the auditors remuneration, introduce a new unit class etc and as such are not contentious. It is very rare that we see "significant votes".

We attend investor meetings and where we can sit on unit-holder/investor committees, we do so. We are often consulted by managers when we meet with them on a regular basis and usually this is to gauge investors' appetite for a particular idea or action however it is rare these ever progress to a vote.



For the Kames Active Beta Property Fund there were only 10 resolutions, in the year to 30th June 2020, on which we were able to make a recommendation to Mobius Life. Of these we recommended voting against the re-election of 3 non-executive advisers as it is our policy that such advisers should be rotated and replaced after they have served for four years.”

Insight has confirmed that there were no voting opportunities within the Plan’s absolute return bond fund.

Voting disclosures are not relevant for the Plan’s other assets (ie index-linked gilts, LDI and liquidity).