

# IMPLEMENTATION STATEMENT, COVERING THE PLAN YEAR FROM 1 JULY 2020 TO 30 JUNE 2021

## 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 Plan Year.

The Plan’s SIP was reviewed and updated during the Plan Year in February 2021. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes. As part of this update the Trustee made some changes to its policy on voting and engagement, to better reflect its view on investment managers’ stewardship policies. In particular the following wording was in the previous SIP dated September 2019:

*“The Trustee has limited influence over managers’ stewardship practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.”*

This was updated to the below paragraph:

*“The Trustee does not monitor or engage directly with issuers or other holders of debt or equity, but it does engage with current and prospective investment managers, including on ESG and stewardship matters. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers’ general policies on stewardship, as provided to the Trustee from time to time, considering the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.”*

The Trustee has, in its opinion, followed the Plan’s voting and engagement policies during the Plan 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 Plan 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.

## 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.

Both LCP and the Trustee were comfortable with the nature and effectiveness of the Plan’s managers’ approaches to voting and engagement over the Scheme Year (including the Insight Bonds Plus Fund which was fully disinvested in June 2021 for strategic reasons).

The Trustee invested in a new pooled fund, the Insight Short Dated Buy & Maintain Credit Fund in June 2021. This fund was a direct recommendation from LCP and as part of selecting this fund to put forward, LCP had assessed the nature and effectiveness of Insight’s approach to voting and engagement on behalf of the Trustee and advised that it was appropriate.

In December 2020, the Plan’s investment adviser proposed that the Trustee consider switching the Plan’s L&G passive equity holdings into the new L&G passive low-carbon equity fund range. This would help the Plan meet increasing climate focused regulation and the policies set out in the SIP. The Trustees discussed this proposal and were generally positive on the idea, however they decided that it should be considered again at a later date, once

the Company has provided its views alongside the ongoing actuarial valuation and the funding strategy for the Plan.

At each quarterly meeting the Trustee Directors receive LCP's quarterly topical investment issues document which includes a section on topical Environmental Social and Governance issues, including the latest regulatory and legislative developments relating to responsible investment. The Trustee's investment advisers proactively raise any changes in governance requirements as they become aware of them and deliver training on such matters at Trustee meetings if they were material. In February 2021 the Trustee directors received training on the new Pensions Schemes Act 2021. This included a summary of the increasing requirements for certain occupational pension schemes to address climate change risks and opportunities.

### 3. Description of voting behaviour during the Plan 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 Plan Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, 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:

*"L&G's voting and engagement activities are driven by ESG professionals in its Investment Stewardship team. All client voting decisions are therefore made by the team in line with the relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company, with the aim of fully integrating voting with engagement and to ensure consistent messaging to firms. The team uses ISS's 'Proxy Exchange' electronic voting platform to electronically vote on clients' shares. To ensure the proxy provider votes in accordance with its position on ESG, L&G has a custom voting policy in place with specific voting instructions that apply to all markets globally. The Investment Stewardship team retains the ability to override any vote decisions that were based on its custom voting policy. L&G also holds an annual stakeholder roundtable event, where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the Investment Stewardship team. The views expressed at the roundtable form a key consideration in the development of L&G's engagement policies, which are reviewed on an annual basis, with ad-hoc feedback also taken into account."*

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 **Aegon** describing its voting process:

*“Aegon Asset Management (“AAM”) actively seeks seats on advisory boards and makes every effort to attend unit holder meetings.*

*In addition, AAM 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. AAM will only abstain from a vote where that abstention has the effect of either ‘approving’ or ‘rejecting’ a proposal.*

*AAM 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 Plan Year

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

Manager	L&G	L&G	L&G	L&G	L&G	L&G	Pyrford	Aegon
Fund name	UK Equity Index Fund	North America Equity Index Fund*	Europe (Ex UK) Equity Index Fund*	Japan Equity Index Fund*	Asia Pacific (Ex Japan) Developed Equity Index Fund*	World Emerging Markets Equity Index Fund	Global Total Return Fund	Active Beta Property Fund
Value of Plan assets at end of reporting period	£9m	£8m	£7m	£4m	£2m	£9m	£12m	£9m
Number of equity holdings at end of reporting period	583	640	445	498	380	1,610	61	13 (underlying funds)
Number of meetings eligible to vote	793	666	558	470	379	3,907	65	4
Number of resolutions eligible to vote	10,918	8,176	9,336	5,646	2,665	35,672	853	8
% of resolutions voted	100	100	100	100	100	100	100	100
Of resolutions on which voted, % voted with management	93	71	83	86	74	84	96	75
Of resolutions on which voted, % voted against management	7	29	16	14	26	14	4	25
Of resolutions on which voted, % abstained from voting	0	0	1	0	0	2	0	0
Of meetings in which voted, % with at least one vote	47	93	76	76	70	48	37	50

against management								
Of resolutions on which voted, % voted contrary to recommendation of proxy advisor	5	22	8	11	15	6	2	n/a

\*The Plan invests in both hedged and unhedged versions of these funds but the votes are the same for each.

### 3.3 Most significant votes over the Plan 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 guidance. 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 L&G'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; and/or
- Vote linked to an L&G engagement campaign, in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

The Trustee has shown below a selection of the (100+) significant votes provided by L&G. The votes shown are for the companies with the largest % holding (of the companies L&G provided significant votes for) in each regional equity fund that the Plan invests in.

**Imperial Brands plc, United Kingdom, February 2021. Vote:** Against. **Outcome of the vote:** For

**Summary of resolution:** Approve Remuneration Report and Policy.

**Rationale:** Imperial Brands appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. A higher base salary has a consequential ripple effect on short- and long-term incentives, as well as pension contributions. Further, the company did not apply best practice in relation to post-exit shareholding guidelines as outlined by both L&G and the Investment Association. An incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE100 company, should have to prove her or himself beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience. Further, L&G would expect companies to adopt general best practice standards. Prior to the AGM, L&G engaged with the company outlining what their concerns over the remuneration structure were.

**Criteria against which this vote has been assessed as "most significant":** L&G are concerned over the ratcheting up of executive pay; and believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.

**Total SE, France, May 2021. Vote:** Against. **Outcome of the vote:** For

**Summary of resolution:** Re-elect Patrick Pouyanne as Director.

**Rationale:** L&G has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since

2020 are voting against all combined board chair/CEO roles. Furthermore, L&G have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and have reinforced their position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.

**Criteria against which this vote has been assessed as “most significant”:** L&G considers this vote to be significant as it is in application of an escalation of the vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

**Mitsubishi UFJ Financial Group Inc., Japan, June 2021. Vote:** For. **Outcome of the vote:** Against.

**Summary of resolution:** Amend Articles to disclose the plan outlining the company's Business Strategy to align investments with the goals of The Paris Agreement.

**Rationale:** A vote in favour of this shareholder proposal is warranted as L&G expects companies to be taking sufficient action on the key issue of climate change. While L&G positively note the company's recent announcements around net-zero targets and exclusion policies, they think that these commitments could be further strengthened and believe the shareholder proposal provides a good directional push.

**Criteria against which this vote has been assessed as “most significant”:** L&G views climate change as a financially material issue for clients, with implications for the assets managed on their behalf. This was also a high profile proposal in Japan, where climate-related shareholder proposals are still rare.

**United Overseas Bank Limited, Singapore, April 2021. Vote:** Against. **Outcome of the vote:** For

**Summary of resolution:** Elect Wong Kan Seng as Director.

**Rationale:** L&G views gender diversity as a financially material issue for clients, with implications for the assets managed on their behalf. For 10 years, L&G have been using their position to engage with companies on this issue. As part of their efforts to influence investee companies on having greater gender balance, L&G expect all companies in which they invest globally to have at least one woman on their board. Please note L&G have stronger requirements in the UK, North American, European and Japanese markets, in line with their engagement in these markets. For further details, please refer to the vote policies on the website.

**Criteria against which this vote has been assessed as “most significant”:** L&G views gender diversity as a financially material issue for clients, with implications for the assets managed on their behalf.

**Amazon.com, Inc. United States, May 2021. Vote:** Against. **Outcome of the vote:** For [Note that following the Year End Jeffery stepped down as CEO in July 2021]

**Summary of resolution:** Elect Director Jeffrey P. Bezos.

**Rationale:** L&G has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 are voting against all combined board chair/CEO roles. Furthermore, L&G have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and have reinforced their position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.

**Criteria against which this vote has been assessed as “most significant”:** L&G considers this vote to be significant as it is in application of an escalation of the vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

**China Construction Bank Corporation, China, June 2021. Vote:** Against. **Outcome of the vote:** N/A

**Summary of resolution:** Approve Report of the Board of Directors.

**Rationale:** The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.

**Criteria against which this vote has been assessed as “most significant”:** L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, the flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.

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

Pyrford believe that all proxy votes are important and aim to vote on all ballots received on behalf of our clients. All proxy votes are reviewed by their ESG Forum on a quarterly basis. Those deemed to be “significant” are where Pyrford believe the outcome could have a meaningful impact on shareholder returns over a five-year investment horizon and/or could have a bearing on the decision to continue holding a stock. These could include, but not limited to:

- Management and board appointments and compensation
- Decisions affecting capital structure
- Company responses to social, environmental or competitive pressures.

The Trustee has shown below a selection of the significant votes provided by Pyrford. The votes shown are for the three companies with the largest % fund holding of the votes Pyrford provided:

**British American Tobacco plc, United Kingdom, April 2021. Vote:** Against. **Outcome of the vote:** Approved.

**Summary of resolution:** Approve Remuneration Report.

**Rationale:** CFO Tadeu Marroco's salary has been increased by a total of 7% in FY2020, having received an uplift of 3% in April 2020 in line with the Company's UK workforce and a further 4% increase in October 2020 following the expansion of his role to Finance and Transformation Director. Subject to continued development and sustained performance in the role, he may receive a further increase of 3% above the UK workforce in April 2022.- CEO Jack Bowles' salary has been increased by 3%. Although this is said to be aligned with the workforce, it follows a 9.5% increase last year and a significant protest vote against executive pay by shareholders at the 2020 AGM. Moreover, his total non-cash benefits for FY2020 were valued at £592,000, which stands out as unusually high in the UK market absent a one-off exceptional event (e.g. relocation).

**Criteria against which this vote has been assessed as “most significant”:** Pyrford believe the outcome could have a meaningful impact on shareholder returns over a five-year investment horizon and/or could have a bearing on the decision to continue holding a stock.

**Imperial Brands Plc, United Kingdom, February 2021. Vote:** Against. **Outcome of the vote:** Approved.

**Summary of resolution:** Approve Remuneration Report.

**Rationale:** CEO Stefan Bomhard's salary rate is significantly increased (+12.7%) relative to his predecessor, and the Company has not provided a compelling explanation to justify this.

**Criteria against which this vote has been assessed as “most significant”:** Pyrford believe the outcome could have a meaningful impact on shareholder returns over a five-year investment horizon and/or could have a bearing on the decision to continue holding a stock.

**Vodafone Group Plc, United Kingdom, July 2020. Vote:** Against. **Outcome of the vote:** Resolution withdrawn.

**Summary of resolution:** Re-elect David Thodey as Director.

**Rationale:** In addition to his role as a Non Executive Director of Vodafone, he holds board positions at three other publicly listed companies, including two board chair roles. This is a significant number of

outside time commitments and may raise questions regarding his ability to devote sufficient time to his role at Vodafone.

**Criteria against which this vote has been assessed as “most significant”:** Pyrford believe the outcome could have a meaningful impact on shareholder returns over a five-year investment horizon and/or could have a bearing on the decision to continue holding a stock.

### 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 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 Aegon:**

*“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 (AMCs/fees) 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 Aegon Active Beta Property Fund there were only 8 resolutions, in the year to 30th June 2021, on which we were able to make a recommendation to Mobius Life. Of these we recommended voting against the re-election of 2 non-executive advisers as it is our policy that such advisers should be rotated and replaced after they have served for four years.*

*AAM’s voting record does not take into account the regular meetings we have with the managers of the underlying funds which give us the opportunity to question, and arguably influence, the managers on all aspects of their fund including matters that would fall under ESG.”*

**Insight and JP Morgan:**

Insight and JP Morgan both confirmed that there were no voting opportunities over the period for the funds invested in by the Plan.