

## *Red Bee Media Pension Plan*

# *Implementation Statement, covering the Plan Year from 1 July 2021 to 30 June 2022*

### **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 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.

The SIP was reviewed and updated during the Plan Year in October 2021 to reflect changes to the strategic asset allocation. No changes were made to the Plan’s voting and engagement policies as part of this update. 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 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.

### **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.

In February 2022, 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. These scores cover the approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP’s Responsible Investment Survey 2022, as well as LCP’s ongoing manager research programme and it is these that directly affect LCP’s manager and fund recommendations. The Trustee was satisfied with the results of the review and no further action was taken.

When JP Morgan presented to the Trustee during the Plan Year, the Trustee asked several questions about the managers’ voting and engagement practices and were satisfied with the answers they received.

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 RI. 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.

### **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.”*

### 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
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
Value of Plan assets at end of reporting period	£9m	£7m	£6m	£4m	£2m	£8m	£12m
Number of equity holdings at end of reporting period	571	655	507	511	418	1,639	62
Number of meetings eligible to vote	776	664	604	508	505	4,176	64

Number of resolutions eligible to vote	10,901	8,375	10,254	6,293	3,630	35,160	1015
% of resolutions voted	100	99	100	100	100	100	87
Of resolutions on which voted, % voted with management	94	66	81	88	72	79	95
Of resolutions on which voted, % voted against management	6	34	18	12	28	19	5
Of resolutions on which voted, % abstained from voting	0	0	1	0	0	2	0
Of meetings in which voted, % with at least one vote against management	40	97	80	72	74	52	37
Of resolutions on which voted, % voted contrary to recommendation of proxy advisor	5	26	9	9	17	7	1

\*The Plan invests in both hedged and unhedged versions of these funds but the votes are the same for each.  
Note: figures may not sum due to rounding.

### 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 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.

**Royal Dutch Shell Plc, United Kingdom, May 2022. Vote:** Against. **Outcome of the vote:** For

**Summary of resolution:** Approve the Shell Energy Transition Progress Update

**Rationale:** L&G acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, L&G remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.

**Criteria against which this vote has been assessed as “most significant”:** L&G considers this vote significant as it is an escalation of its climate-related engagement activity and public call for high quality and credible transition plans to be subject to a shareholder vote.

**Apple Inc., United States, March 2022. Vote:** For. **Outcome of the vote:** For

**Summary of resolution:** Report on Civil Rights Audit.

**Rationale:** L&G supports proposals related to diversity and inclusion policies as it considers these issues to be a material risk to companies.

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

**LVMH Moët Hennessy Louis Vuitton SE., Paris, June 2021. Vote:** Against. **Outcome of the vote:** For.

**Summary of resolution:** Re-elect Bernard Arnault as Director.

**Rationale:** A vote against was applied as L&G expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.

**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 its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). L&G has a longstanding policy advocating for the separation of the roles of CEO and board chair. L&G believes that these two roles are substantially different, requiring distinct skills and experiences. Since 2015 it has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 L&G have voted against all combined board chair/CEO roles.

**Shin-Etsu Chemical Co., Japan, June 2022. Vote:** Against. **Outcome of the vote:** For.

**Summary of resolution:** Elect Director Kanagawa, Chihiro.

**Rationale:** A vote against was applied due to the lack of meaningful diversity on the board and because the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board. In addition, a vote against was applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. L&G would like to see all companies have a third of the board comprising truly independent outside directors.

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

**Rio Tinto Limited. Australia, May 2022. Vote:** Against. **Outcome of the vote:** For.

**Summary of resolution:** Approve Climate Action Plan.

**Rationale:** L&G recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company’s decarbonisation efforts. However, while L&G acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, it remains concerned with the absence of

quantifiable targets for such a material component of the company’s overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.

**Criteria against which this vote has been assessed as “most significant”:** L&G considers this vote significant as it is an escalation of its climate-related engagement activity and public call for high quality and credible transition plans to be subject to a shareholder vote.

**Alibaba Group Holding Limited, China, September 2021. Vote:** Against. **Outcome of the vote:** For

**Summary of resolution:** Elect Director Joseph C. Tsai.

**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 L&G have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 it has voted 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 its website), and has reinforced its position on leadership structures across its 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 its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

**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:

**BP Plc, United Kingdom, May 2022. Vote:** Against. **Outcome of the vote:** Against.

**Summary of resolution:** Approve shareholder resolution on climate change targets.

**Rationale:** BP contend that they have suitable targets in place already. BP claim approval of the resolution would be disruptive to the current strategy and confuse the company’s journey through the Energy Transition. Anything that hinders BP’s successful negotiation of the Energy Transition is a threat to the investment case.

**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.

**ComfortDelGro Corp. Ltd, Singapore, April 2022. Vote:** Against. **Outcome of the vote:** Proposal withdrawn

**Summary of resolution:** Elect Chiang Chie Foo as Director.

**Rationale:** Chiang Chie Foo is part of the audit committee and the company paid excessive non-audit fees to its auditor.

**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.

**ComfortDelGro Corp. Ltd, Singapore, April 2022. Vote:** Against. **Outcome of the vote:** Against.

**Summary of resolution:** Approve Deloitte & Touche LLP as auditors and authorise the board to fix their remuneration.

**Rationale:** The vote was warranted given that the non-audit fees exceeded the total audit fees paid to the company's audit firm in the latest fiscal year without satisfactory explanation.

**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 9 resolutions at 5 meetings, in the year to 30 June 2022, on which we were able to make a recommendation to Mobius Life. None of these votes was either significant or in our opinion contentious. Not included in these numbers were a number investor meetings for one fund where the manager was proposing changes to the terms of the fund. Although not required the manager then put the amended changes to investors for an informal vote which was approved by a majority of investors.*

*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. In the year to June 2022 there were over 26 such 'engagements' with underlying managers.”*

#### 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.