

Implementation Statement, covering the Plan Year from 1 January 2023 to 31 December 2023 (the “Plan Year”)

The Trustees of the Paramount & UIP Companies Pension Plan (the “Plan”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles (“SIP”) during the Plan Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, the Trustees (including the most significant votes cast by the 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.

In preparing the Statement, the Trustees have had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Plan Year.

The Trustees have, in their opinion, followed the Plan’s voting and engagement policies during the Plan Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments.

2. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies can be found at the following websites:

- Legal and General Investment Management (“LGIM”): <https://www.lgim.com/uk/en/responsible-investing/investment-stewardship/>
- Ninety One: <https://ninetyone.com/-/media/documents/stewardship/91-stewardship-policy-and-proxy-voting-guidelines-en.pdf>

However, the Trustees take ownership of the Plan’s stewardship by monitoring and engaging with managers as detailed below.

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 financially material considerations (including climate change and other ESG considerations), voting and engagement.

Following the introduction of DWP’s guidance, the Trustees agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. The Trustees received training on the DWP’s Stewardship Guidance and discussed and agreed the stewardship priorities for the Plan, which were:

- Social (S) – Diversity and Representation; and
- Environmental (E) – Climate change.

Following their agreement, these priorities remained in place during the 2023 Plan Year.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expect most managers will have areas where they could improve. Therefore, the Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Plan Year

All of the Trustees’ holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Plan Year. However, the Trustees monitor managers’ voting and engagement behaviour on an annual basis and challenge managers where their activity has not been in line with the Trustees’ expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that were held at 31 December 2023 and hold equities as follows:

- LGIM World Developed Equity Index Fund;
- LGIM World Developed Equity Index Fund – GBP Currency Hedged; and
- Ninety One Emerging Market Multi-Asset Fund.

The Trustees have excluded data on the BlackRock Diversified Growth Fund as the Plan's holding in this fund was fully redeemed in June 2023.

In addition to the above, the Trustees contacted the Plan's asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan Year. None of the other funds that the Plan was invested in at the end of the Plan Year held any assets with voting opportunities.

3.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which its managers have in place.

LGIM

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. LGIM's voting policies are reviewed annually and consider feedback from their clients.

Every year, LGIM holds a 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 members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continues to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also considers client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. 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. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receive from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes in accordance with its position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM have strict monitoring controls to ensure its votes are fully and effectively executed in accordance with LGIM's voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Ninety One

Ninety One make use of the ISS Proxy Exchange research service for all voting. ISS provide Ninety One with research recommendations and recommendations based on its internal voting policy, Ninety One consider and discuss this with the investment teams that hold the issuer to make a decision in the best interest of the shareholders (which may differ from ISS & management recommendations). Ninety One cast their vote via the ISS voting platform.

3.2 Summary of voting behaviour

Manager name	LGIM	LGIM	Ninety One
Fund name	World Developed Equity Index Fund*	World Developed Equity Index Fund - GBP Currency Hedged*	Emerging Market Multi-Asset fund
Value of Plan assets at end of the Plan Year (£)			
<i>Paramount Section:</i>	£9.7m	£10.0m	£4.2m
<i>UIP Section:</i>	£10.1m	£10.4m	£4.4m
Number of meetings eligible to vote	2,392		142
Number of resolutions eligible to vote	31,063		1,230
% of resolutions voted	99.9%		98.3%
Of the resolutions on which voted, % voted with management	78.2%		90.2%
Of the resolutions on which voted, % voted against management	21.7%		9.8%
Of the resolutions on which voted, % abstained from voting	0.1%		3.6%
Of the meetings in which the manager voted, % with at least one vote against management	79.9%		41.6%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	15.8%		3.6%

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

* These two funds have the same underlying holdings and therefore the same voting data provide by LGIM.

3.3 Most significant votes

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

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist. By informing their managers of their stewardship priorities and through their regular interactions with the managers, the Trustees believe that their managers will understand how they expect them to vote on issues for the companies they invest in on their behalf.

The Trustees have interpreted "significant votes" to mean those that align with the Trustees' stewardship priorities.

The Trustees have reported one or two of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustees.

LGIM

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the PLSA 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 LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM World Developed Equity Index Fund (unhedged and GBP currency hedged)

Amazon.com, Inc, 24 May 2023

- **Summary of resolution:** Report on Median and Adjusted Gender/Racial Pay Gaps
- **Relevant stewardship priority:** Diversity and Representation
- **Why is this vote considered to be most significant:** LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. This also aligns with the Plan's stewardship priorities.
- **Fund manager vote:** For the proposal (against management recommendation)
- **Outcome of the vote:** Failed (29% of votes for)
- **Rationale:** A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.
- **Was the vote communicated to the company ahead of the vote:** LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
- **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

Exxon Mobil Corporation, 31 May 2023

- **Summary of resolution:** Shareholder resolution calling for a Report on Asset Retirement Obligations Under IEA Net Zero Emissions Scenario
- **Relevant stewardship priority:** Climate Change
- **Why is this vote considered to be most significant:** LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of our engagement activity, targeting some of the world's largest companies on their strategic management of climate change. This also aligns with the Plan's stewardship priorities.
- **Fund manager vote:** For the proposal (against management recommendation)
- **Outcome of the vote:** Failed (16% of votes for)
- **Rationale:** Together with CBIS, LGIM has co-filed a shareholder resolution asking for more transparency on the retirement costs of Exxon's asset base. In LGIM's view, this is a highly relevant and financially material matter, and by filing this proposal they are seeking greater clarity into the potential costs Exxon may incur in the event of an accelerated energy transition.
- **Was the vote communicated to the company ahead of the vote:** LGIM co-filed this shareholder resolution and pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, there was regular communication with the company ahead of the meeting.
- **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

Ninety One

Ninety One describes significant votes as ones with substantial client, media or political interest, material holdings, those of a thematic nature (ie climate change) and significant corporate transactions that have a material impact on future company performance, for example approval of a merger, etc.

Emerging Market Multi-Asset Fund

Power Grid Corporation of India Limited, 24 August 2023

- **Summary of resolution:** Re-elect Abhay Choudhary as Director
- **Relevant stewardship priority:** Diversity and Representation
- **Why is this vote considered to be most significant:** Ninety One held engagement with the company prior to the vote. This also aligns with the Plan's stewardship priorities.
- **Fund manager vote:** Against the proposal (against management recommendation)
- **Outcome of the vote:** Passed
- **Rationale:** A vote against the re-election of an executive director was warranted, to signal Ninety One's preference for a more independent and gender diverse board and for Power Grid to comply with best in class local board independence norms of 50% with a combined CEO/Chair position.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** N/A