

# *Implementation Statement, covering the Scheme Year from 6 April 2022 to 5 April 2023*

The Trustees of the Condé Nast Publications Limited Retirement Benefits Scheme (the “Scheme”) 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 its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Implementation Statement is also required to include a description of the voting behaviour during the Scheme 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.

In preparing the Statement, the Trustees has 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**

The SIP was reviewed and updated during the Scheme Year in May 2022. This included updates to the voting and engagement policies in the SIP, reflecting that the Trustee engages with managers on matters such as ESG and stewardship and the Trustee’s expectation of managers to communicate their policies on stewardship. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the Scheme’s voting and engagement policies during the Scheme Year, by continuing to delegate to their 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 Trustees are in the process of revising its voting and engagement policies in its SIP following the Scheme Year end to reflect DWP’s new guidance on Reporting on Stewardship and Other Topics.

## **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 are:

- **L&G:** [L&G’s Corporate Governance and Responsible Investment Policy](#)
- **Insight:** [Insight’s Proxy Voting Policy](#)

However, the Trustees take ownership of the Scheme’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 Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

In June 2022, the Trustees reviewed LCP’s responsible investment (RI) scores for the Scheme’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 manager’s approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP’s ongoing manager research programme and it is these that directly affect LCP’s manager and fund recommendations. The manager scores and red flags are based on LCP’s Responsible Investment Survey 2022. The Trustees review these RI scores on an ongoing basis through the Scheme’s regular performance monitoring reports.

Following the introduction of DWP’s guidance, the Trustees agreed to set stewardship priorities to focus engagement with their investment managers on specific ESG factors. The Trustees will agree stewardship priorities during the current Scheme Year and report on them in next year’s Implementation Statement.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects 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 Scheme Year

All of the Scheme's 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 itself has not used proxy voting services over the Scheme Year. However, the Trustees monitor managers' voting and engagement behaviour on an annual basis and would challenge managers where their activity fell significantly below the Trustees' expectations.

In this section the Trustees 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 Scheme's funds that hold equities as follows:

- L&G Low Carbon Transition UK Equity Index Fund;
- L&G Low Carbon Transition Developed Markets Equity Index Fund (including sterling hedged and unhedged versions); and
- Insight Broad Opportunities Fund.

Insight does hold some equities with voting rights attached, but these largely relate to closed ended infrastructure companies where the governance framework differs from traditional publicly listed companies. As a result, Insight has not seen fit to vote against management on any occasions over the past year, and as a result, Insight does not believe any of its voting activity qualifies as "most significant". The Trustees have not included any examples of "most significant votes" for the Insight Broad Opportunities Fund in Section 3.3 as a result.

The Trustees have not provided commentary on the Scheme's other mandates, which do not hold any assets with voting opportunities.

The Trustees, using information provided by their advisers, believes the voting policies of the investment managers are suitably aligned with the Trustees' views based on a review of the voting processes, voting behaviour and significant votes included in this statement.

#### 3.1 Description of the voting processes

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

##### Legal & General ("L&G")

L&G provided the following wording to describe its voting practices:

*"All decisions are made by LGIM's Investment Stewardship team and in accordance with [their] relevant Corporate Governance & Responsible Investment policy document which is 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 [their] 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.*

*[L&G] use ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by [L&G] and [they] do not outsource any part of the strategic decisions. [L&G's] use of ISS recommendations is purely to augment [their] own research and proprietary ESG assessment tools.*

*To ensure [L&G's] proxy provider votes in accordance with [their] position on ESG, [L&G] have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what [they] consider are minimum best practice standards which [they] believe all companies globally should observe, irrespective of local regulation or practice.*

*[L&G] retain the ability in all markets to override any vote decisions, which are based on [their] 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 [L&G] to apply a qualitative overlay to [their] voting judgement. [L&G] have strict monitoring controls to ensure [their] votes are fully and effectively executed in accordance with [their] voting policies by [their] service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform [L&G] of rejected votes which require further action."*

## Insight

Insight provided the following wording to describe its voting practices:

*“Insight does not consult clients prior to voting on resolutions. However, Insight is committed to voting all proxies where it is deemed appropriate and responsible to do so.*

*Insight retains the services of Minerva Analytics (“Minerva”) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates, which will determine the direction of the vote.*

*Insight’s fund invests in listed closed-ended investment companies with a focus on investments in cash-generative investments in social and public, renewable energy and economic infrastructure sectors. The corporate structure of closed-ended investment companies held in the fund includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework, with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the fund’s exposures.”*

### 3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the one year to 31 March 2023 (closest to the Scheme Year end) is provided in the table below.

Manager name	L&G			Insight
Fund name	Low Carbon Transition UK Equity Index Fund	Low Carbon Transition Developed Markets Equity Index Fund	Low Carbon Transition Developed Markets Equity Index (GBP Hedged) Fund	Broad Opportunities Fund
Total size of fund at end of the Scheme Year	£0.2bn	£1.8bn	£2.3bn	£2.1bn
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£3.9m (4.3%)	£7.2m (8.0%)	£7.8m (8.5%)	£5.1m (5.6%)
Number of equity holdings at end of the Scheme Year	86	1,482		11
Number of meetings eligible to vote	114	1,760		11
Number of resolutions eligible to vote	2,188	24,018		152
% of resolutions voted	100.0%	99.8%		100.0%
Of the resolutions on which voted, % voted with management	95.2%	78.5%		100.0%
Of the resolutions on which voted, % voted against management	4.8%	21.3%		0.0%
Of the resolutions on which voted, % abstained from voting	0.0%	0.2%		0.0%
Of the meetings in which the manager voted, % with at least one vote against management	46.5%	81.0%		0.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	4.2%	15.0%		N/A

### 3.3 Most significant votes over the Scheme Year

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

The Trustees did not inform its managers which votes it considered to be most significant in advance of those votes.

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<sup>1</sup> for creating this shortlist.

For the sake of brevity, the Trustees have reported on three 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.

## L&G

L&G has provided a reason as to why each of the below votes are deemed "most significant".

### L&G Low Carbon Transition UK Equity Index Fund

- **Royal Dutch Shell Plc, May 2022. Vote:** Against. **Outcome of the vote:** Pass.

**Management recommendation:** Against resolution.

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

**Approximate size of holding at date of vote:** ~7% of L&G's fund.

**Rationale for the voting decision:** L&G offered the following commentary: "A vote against is applied, though not without reservations. We 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, we 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."

**The reason the Trustees considered this vote to be most significant:** Size of holding in relation to L&G's fund and relating to a significant ESG risk: climate change.

**Was the vote communicated to the company ahead of the vote:** Vote was in line with management.

**Outcome and next steps:** The resolution passed. L&G offered the following commentary: "LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."

- **Antofagasta Plc, May 2022. Vote:** Against. **Outcome of the vote:** Pass.

**Management recommendation:** For resolution.

**Summary of resolution:** Re-elect Jean-Paul Luksic as Director.

**Approximate size of holding at date of vote:** ~2% of L&G's fund.

**Rationale for the voting decision:** L&G offered the following commentary: "A vote against is applied because of a lack of progress on gender diversity on the board. LGIM expects boards to have at least one-third female representation on the board. A vote against the Chair's re-election is applied because we believe the role of Board Chair should be refreshed regularly in line with best practice."

**The reason the Trustees considered this vote to be most significant:** Size of holding in relation to L&G's fund, a vote against management and relating to a significant ESG risk: board composition and diversity.

**Was the vote communicated to the company ahead of the vote:** L&G offered the following commentary: "LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics."

**Outcome and next steps:** The resolution passed. L&G offered the following commentary: "LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."

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<sup>1</sup> [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](https://www.plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

- **Barclays Plc, May 2022. Vote:** Against. **Outcome of the vote:** Pass.

**Management recommendation:** For resolution.

**Summary of resolution:** Approve Barclays' Climate Strategy, Targets and Progress 2022.

**Approximate size of holding at date of vote:** ~1% of L&G's fund.

**Rationale for the voting decision:** L&G offered the following commentary: *"While we positively note the Company's use of absolute emissions targets for its exposure in the Energy sector, as well as the inclusion of capital markets financed emissions within its methodology, we have concerns that the ranges used for interim emissions reduction targets and the exclusion of US clients from the 2030 thermal coal exit falls short of the actions needed for long-term 1.5C temperature alignment. A vote against is therefore applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5C."*

**The reason the Trustees considered this vote to be most significant:** Size of holding in relation to L&G's fund, a vote against management and relating to a significant ESG risk: climate change.

**Was the vote communicated to the company ahead of the vote:** L&G offered the following commentary: *"LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics."*

**Outcome and next steps:** The resolution passed. L&G offered the following commentary: *"LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*

#### L&G Low Carbon Transition Developed Markets Equity Index Fund (sterling hedged and unhedged versions)

- **Amazon.com, Inc. May 2022. Vote:** Against. **Outcome of vote:** Pass.

**Management recommendation:** For resolution.

**Summary of resolution:** Elect Director Daniel P. Huttenlocher.

**Approximate size of holding at date of vote:** ~2% of L&G's fund.

**Rationale for the voting decision:** L&G offered the following commentary: *"A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings."*

**The reason the Trustees considered this vote to be most significant:** Size of holding in relation to L&G's fund, a vote against management and relating to a significant ESG risk: labour relations.

**Was the vote communicated to the company ahead of the vote:** L&G offered the following commentary: *"LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics."*

**Outcome and next steps:** The resolution passed. L&G offered the following commentary: *"LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*

- **Alphabet Inc. June 2022. Vote:** For. **Outcome of vote:** Fail.

**Management recommendation:** Against resolution.

**Summary of resolution:** Report on Physical Risks of Climate Change.

**Approximate size of holding at date of vote:** ~1% of L&G's fund.

**Rationale for the voting decision:** L&G offered the following commentary: *"A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change."*

**The reason the Trustees considered this vote to be most significant:** Size of holding in relation to L&G's fund, a vote against management and relating to a significant ESG risk: climate change.

**Was the vote communicated to the company ahead of the vote:** L&G offered the following commentary: *"LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics."*

**Outcome and next steps:** The resolution failed. L&G offered the following commentary: *"LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*

- **NVIDIA Corporation, June 2022. Vote:** Against. **Outcome of vote:** Pass.

**Management recommendation:** For resolution.

**Summary of resolution:** Elect Director Harvey C. Jones.

**Approximate size of holding at date of vote:** ~1% of L&G's fund.

**Rationale for the voting decision:** L&G offered the following commentary: *"A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. We are targeting the largest companies as we believe that these should demonstrate leadership on this critical issue. A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background."*

**The reason the Trustees considered this vote to be most significant:** Size of holding in relation to L&G's fund, a vote against management and relating to a significant ESG risk: board composition and diversity.

**Was the vote communicated to the company ahead of the vote:** L&G offered the following commentary: *"LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics."*

**Outcome and next steps:** The resolution passed. L&G offered the following commentary: *"LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*