

Phonographic Performance Limited 1975 Pension and Life Assurance Scheme

Implementation Statement

Year Ending 30 June 2021

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Phonographic Performance Limited 1975 Pension and Life Assurance Scheme
Scheme Year	1 July 2020 to 30 June 2021
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustees have reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of LGIM and provides information on the significant votes made in respect of the Trustees' equity holdings. Information is also provided on the how LGIM makes use of the services of proxy voting advisers.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

Over the course of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- LGIM Diversified Fund
- LGIM World Equity Index Fund
- LGIM World Equity Index Fund – GBP Hedged

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated twice during the Scheme Year:

- An Addendum was issued in August 2020 to comply with new legislation which required additional information to be stated about the nature of the arrangements in place with the investment managers. Part of the new wording provided a more detailed explanation of the Trustees' policy relating to the exercise of rights.
- A second Addendum was issued in May 2021 to note that the Trustees intended to revise the Scheme's investment strategy to take greater account of ESG considerations in line with the Employer's policies for sustainability, equity and diversity.

A summary of the Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustees did not select any new funds during the period.
- During the Scheme Year, the Trustees considered LGIM's voting record over the period ending 31 March 2020.
- Since the end of the Scheme Year, an updated analysis of LGIM's voting record based on the period ending 31 March 2021* has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- Both investment managers used by the Scheme (LGIM and Invesco) are UNPRI signatories.

**Note the voting analysis was over the year ending 31 March 2021 because this was the most recent data available at the time of preparing this statement. The Trustees are satisfied that the analysis provides a fair representation of LGIM's voting approach over the Scheme Year.*

LGIM’s Voting Record

A summary of LGIM’s voting record is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained / withheld
LGIM	67,905	82%	18%	1%

Notes

Split of votes does not sum to 100% due to rounding.

These voting statistics are based on LGIM’s full voting record over the 12 months to 31 March 2021 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

LGIM’s Voting Behaviour

The Trustees have reviewed the LGIM’s voting behaviour by considering the following:

- broad statistics of LGIM’s voting record such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. “with management” or “against management”);
- the votes LGIM cast in the year to 31 March 2021 on the most contested proposals in eight categories across the UK, the US and Europe;
- LGIM’s policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared LGIM’s voting behaviour with its peers over the same period.

The Trustees’ key observations are set out below.

Voting in Significant Votes

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in eight separate categories. The Trustees consider votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the eight categories based on shares held by LGIM are listed in the Appendix. In addition, the Trustees considered the investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of Voting Behaviour

Relative to its peers, LGIM shows a higher tendency to vote against directors' proposals. The manager has also shown strong support for shareholders' proposals aimed at tackling a broad range of environmental and social issues.

The manager's voting policy is detailed and includes clear rationales and rules for when it will vote against directors' recommendations on a proposal.

LGIM voted against 18% of director proposals during the year and showed a tendency to do this in contentious votes. This suggests that LGIM is taking its stewardship responsibilities seriously.

Conclusions

Based on the analysis undertaken, the Trustees have no concerns regarding the voting records of LGIM but the Trustees will keep the voting actions of the investment manager under review.

Eavan Buckley

Date: 14 December 2021

Signed on behalf of the Trustees of the Phonographic Performance Limited 1975 Pension and Life Assurance Scheme

Significant Votes

The table below records how the LGIM voted in the most significant votes identified by the Trustees.

Company	Voting Date	Proposal	Vote For (%)	Vote Against (%)	Result
Autoresponder					
YARA INTERNATIONAL ASA	07/05/2020	Receive the Directors Report	50	50	Did Not Vote
THE MOSAIC COMPANY	21/05/2020	Appoint the Auditors	65	32	For
NORTHROP GRUMMAN CORPORATION	20/05/2020	Appoint the Auditors	24	75	Against
VIVENDI SA	20/04/2020	Approval of the Information set out in the Corporate Governance Report	74	23	Against
ATOS SE	16/06/2020	Appoint the Auditors	78	22	Against
Automotive					
STMICROELECTRONICS NV	17/06/2020	Grant Board Authority to Issue Shares Up To 10 Percent of Issued Capital and Exclude Pre-emptive Rights	46	54	Against
NIELSEN HOLDINGS PLC	12/05/2020	Authorise Share Repurchase	58	42	Against
JUST EAT TAKEAWAY.COM N.V.	14/05/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	60	40	Against
ASSICURAZIONI GENERALI SPA	27/04/2020	Authorize Share Repurchase Program and Reissuance of Repurchased Shares to Service Performance Share Plan	68	32	Against
VIVENDI SA	20/04/2020	Authorize Specific Buyback Program and Cancellation of Repurchased Share	69	31	Against
Banking					
YARA INTERNATIONAL ASA	07/05/2020	Approve Fees Payable to the Board of Directors	50	50	Did Not Vote
ALTRIA GROUP INC.	14/05/2020	Advisory Vote on Executive Compensation	49	50	Against
STMICROELECTRONICS NV	17/06/2020	Approve Remuneration Policy for Management Board	50	50	Against
AROUNDTOWN SA	24/06/2020	Approve Remuneration Policy	49	51	Against
AMERISOURCEBERGEN CORPORATION	11/03/2021	Advisory Vote on Executive Compensation	51	48	Against
Chemicals and Consumer Products					
SOLVAY SA	12/05/2020	Indicate Aude Thibaut de Maisieres as Independent Board Member	50	50	Against
UBS GROUP AG	29/04/2020	Elect Remuneration Committee Member: Dieter Wemmer	48	48	For
F5 NETWORKS INC	11/03/2021	Elect Michael Combes - Non-Executive Director	47	53	Against
GLOBAL PAYMENTS INC	29/04/2020	Elect Director Robert H.B. Baldwin, Jr.	57	43	Against
THE BOEING COMPANY	27/04/2020	Elect Susan C. Schwab	56	43	For
Energy, Resources and Utilities					
DELIVERY HERO SE	18/06/2020	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to	78	22	Against
DASSAULT SYSTEMES SE	26/05/2020	Delegate Power to the Board to Acquire Certain Assets of Another Company	80	20	Against
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approval of Issuance of Common Stock Underlying the Berkshire Hathaway Warrant	83	16	For
SOCIETE GENERALE SA	19/05/2020	Authorize Issuance of Convertible Bonds for Private Placements without Preemptive Rights, up to Aggregate	93	7	For
MUENCHENER RUECK AG (MUNICH RE)	29/04/2020	Issue Bonds/Debt Securities	93	7	For
Food and Beverage					
PEUGEOT SA	25/06/2020	Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer	69	31	Against
GROUPE BRUXELLES LAMBERT (GBL)	28/04/2020	Approve Change-of-Control Clause Re: Option Plan	71	29	Against
VIVENDI SA	20/04/2020	Approve Additional Pension Scheme Agreement with Herve Philippe, Management Board Member	70	27	Against
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approve the Rights Agreement	74	26	For
UBISOFT ENTERTAINMENT SA	02/07/2020	Delegate Powers to the Board to Amend Bylaws to Comply with Legal Changes	80	20	Against
Healthcare					
NETAPP INC	10/09/2020	Shareholder Resolution: Written Consent	50	49	Against
HP INC	12/05/2020	Shareholder Resolution: Written Consent	50	50	Against
CHIPOTLE MEXICAN GRILL INC	19/05/2020	Shareholder Resolution: Report on Employment-Related Arbitration	51	49	For
CHEVRON CORPORATION	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	49	43	For
KIMBERLY-CLARK CORPORATION	29/04/2020	Shareholder Resolution: Written Consent	49	49	Against
Technology					
JPMORGAN CHASE & CO.	19/05/2020	Shareholder Resolution: Climate Change Targets	49	49	For
EXPEDITORS INTERNATIONAL OF WASHINGTON INC	05/05/2020	Shareholder Resolution: Board Diversity	53	47	For
ORACLE CORPORATION	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	For
HUNT J B TRANSPORT SERVICES INC	23/04/2020	Shareholder Resolution: Climate Change Initiatives	54	45	For
TRANSIGM GROUP INCORPORATED	29/06/2020	Shareholder Resolution: Environmental Issues	45	55	For

Note

Where the voting record has not been provided at the fund level, the analysis is based on the shares held within the Scheme's pooled funds as at points during the period. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote.