

Phonographic Performance Limited 1975 Pension and Life Assurance Scheme

Implementation Statement Year Ending 30 June 2022

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 2021 to 30 June 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustees have reviewed the extent to which their policy 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, the investment manager selected by the Trustees to manage the Scheme's equity holdings. The statement provides information on the significant votes made in respect of the Trustees' equity holdings and identifies 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, LGIM has the entitlement to vote.

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

- LGIM Future World Developed (ex UK) Equity Index Fund – GBP Hedged
- LGIM Future World Global Equity Index Fund
- LGIM Future World Multi-Asset Fund

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP, and a summary 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 manager's 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.
- During the Scheme Year, the Trustees introduced an allocation to the LGIM Future World Developed Equities (ex UK) Index Fund – GBP Hedged, the LGIM Future World Global Equity Index Fund, and the LGIM Future World Multi-Asset Fund. The new funds place a strong emphasis on ESG matters, including engagement and voting, and this was a key factor in the Trustees' decision to invest.
- During the Scheme Year, the Trustees considered LGIM's voting record over the period ending 30 June 2021.
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment manager based on the period ending 30 June 2022 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.
- The investment managers used by the Scheme are UNPRI signatories.

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 / withheld	Did not vote/ abstained
LGIM	140,000	76%	23%	1%

Notes

These voting statistics are based on the manager's full voting record over the 12 months to 30 June 2022 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.

Assessment of LGIM's Voting Behaviour

The Trustees have reviewed 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 cast by LGIM in the year to 30 June 2022 on the most contested proposals in nine 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 the voting behaviour of the investment manager 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 nine 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 nine categories based on shares held by the Scheme's investment manager 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).

Analysis of Voting Behaviour

LGIM's willingness to vote against management is consistent with the broad range of policies covered within its corporate governance documentation; each policy provides a set of criteria which can be used to justify a vote against management.

The Trustees also note that LGIM has supported shareholder proposals designed to tackle ESG issues and has held Directors to account regarding their energy transition proposals (proposals setting out how greenhouse gas emissions will be reduced).

Conclusion

Based on the analysis undertaken, the Trustees have no material concerns regarding LGIM's voting record.

The Trustees will keep the voting actions of the investment manager under review.

Mark Douglas

Date: 30th January 2023

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 Scheme's investment manager voted in the most significant votes identified by the Trustees.

Company	Meeting Date	Proposal	Votes For	Votes Against	Result
Active Investments					
W. R. BERKLEY CORPORATION	15/06/2022	Ratify KPMG LLP as Auditors	50	50	Against
INVESTEC PLC	05/08/2021	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	71	29	Against
CAMPBELL SOUP COMPANY	01/12/2021	Ratify PricewaterhouseCoopers LLP as Auditors	71	26	Against
MODERNA INC	28/04/2022	Appoint the Auditors	75	24	Against
WORLDLINE SA	09/06/2022	Renew Appointment of Deloitte & Associates as Auditor	77	23	Against
Investments Held in Pooled Funds					
SHAFTESBURY PLC	04/02/2022	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other	70	29	For
FERRARI NV	13/04/2022	Grant Board Authority to Issue Special Voting Shares	71	29	Against
VIVENDI SA	25/04/2022	Authorize Specific Buyback Program and Cancellation of Repurchased Share	71	29	Against
DASSAULT SYSTEMES SE	19/05/2022	Authorize Capital Increase of Up to EUR 10 Million in Connection with	79	21	Against
RIO TINTO PLC	08/04/2022	Authorise Share Repurchase	79	20	For
Investments Held in Pooled Funds - Board & Executive					
THE COCA-COLA COMPANY	26/04/2022	Advisory Vote on Executive Compensation	50	49	Against
THE TJX COMPANIES INC.	07/06/2022	Advisory Vote on Executive Compensation	48	49	Against
ORANGE S.A	19/05/2022	Approve Remuneration Policy of Chairman and CEO, CEO and Vice-CEOs	50	49	Against
HENRY SCHEIN INC.	18/05/2022	Advisory Vote on Executive Compensation	51	48	Against
BIOGEN INC.	15/06/2022	Advisory Vote on Executive Compensation	52	48	Against
Investments Held in Pooled Funds - Board & Executive					
TE CONNECTIVITY LTD	09/03/2022	Amend Article 5	50	50	Against
INTEL CORPORATION	12/05/2022	Elect Alyssa Henry - Non-Executive Director	50	49	Against
M&T BANK CORPORATION	25/04/2022	Elect John R. Scannell - Non-Executive Director	51	49	Against
CARRIER GLOBAL CORP	14/04/2022	Elect David Gitlin - Chair & Chief Executive	52	48	Against
CENTENE CORP	26/04/2022	Right to Call Special Meeting	47	53	Against
Investments Held in Pooled Funds - Board & Executive					
DASSAULT SYSTEMES SE	19/05/2022	Delegate Power to the Board to Carry Spin-Off Agreements	78	22	Against
BASF SE	29/04/2022	Approve Issuance of Convertible Bonds and Bonds without Preemptive Rights and	87	9	For
ALLIANZ SE	04/05/2022	Issue Bonds	91	9	For
DEUTSCHE POST AG	06/05/2022	Issue Bonds	92	8	For
PUMA SE	11/05/2022	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to Aggregate Nominal Amount of EUR 1.5 Billion;	94	6	For
Investments Held in Pooled Funds - Board & Executive					
M&G PLC	25/05/2022	Approve Climate Transition Plan and Climate-Related Financial Disclosure	78	20	Against
CENTRICA PLC	07/06/2022	Approve Climate Transition Plan	79	20	For
Royal Dutch Shell	24/05/2022	Approve the Shell Energy Transition Progress	77	19	Against
Barclays Plc	04/05/2022	Approve Barclays' Climate Strategy, Targets and Progress 2022	80	19	Against
STANDARD CHARTERED PLC	04/05/2022	Approve Net Zero Pathway	83	17	Against
Other Investments Held in Pooled Funds					
TE CONNECTIVITY LTD	09/03/2022	Allow Proxy Solicitation	62	38	Against
INVESTEC PLC	05/08/2021	Investec plc: Approve Political Donations	80	20	For
ROTORK PLC	29/04/2022	Meeting Notification-related Proposal	82	16	For
SEGRO PLC	21/04/2022	Meeting Notification-related Proposal	86	14	For
BERKELEY GROUP HOLDINGS PLC	03/09/2021	Meeting Notification-related Proposal	87	13	For
Other Investments Held in Pooled Funds					
ABBVIE INC	06/05/2022	Shareholder Resolution: Submit Severance Agreement (Change-in-Control) to	50	49	For
NORTHROP GRUMMAN CORPORATION	18/05/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	For
GLOBAL PAYMENTS INC	28/04/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	For
APPLIED MATERIALS INC	10/03/2022	Shareholder Resolution: Right to Call Special Meetings	49	49	For
FISERV INC.	18/05/2022	Shareholder Resolution: Submit Severance Agreement (Change-in-Control) to	51	49	For
Other Investments Held in Pooled Funds					
PHILLIPS 66	11/05/2022	Shareholder Resolution: Report on Reducing Plastic Pollution	50	49	For
AMAZON.COM INC.	25/05/2022	Shareholder Resolution: Report on Efforts to Reduce Plastic Use	49	51	For
APPLE INC	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	For
AMERICAN WATER WORKS COMPANY INC.	11/05/2022	Shareholder Resolution: Report on Third-Party Racial Equity Audit	47	50	For
WASTE MANAGEMENT INC	10/05/2022	Shareholder Resolution: Report on Civil Rights Audit	54	45	For

Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. 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. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.