

Pubmaster Pension Scheme

Implementation Statement

This implementation statement has been produced by the Trustees of the Pubmaster Pension Scheme ("the Scheme") to set out the following information over the year to 31 March 2024:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

The voting behaviour is not provided over the Scheme year end to 5 April 2024 because investment managers only report on this data quarterly. We have therefore provided the information over the year to 31 March 2024.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Trustees, with input from their investment consultant, annually receive and review (through their Implementation Statement) the voting information and engagement policies from their investment managers, to ensure alignment with the Trustees' own policies. The findings of the Trustees' review are reported in this Implementation Statement which will also be included in the Scheme's Annual Report and Accounts for the year to 5 April 2024.
- Where possible and appropriate, the Trustees will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the investment managers are in alignment with the Scheme's stewardship policies.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at the year-end describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. The Trustees have delegated the exercise of rights, including voting rights, and undertaking engagement activities to the Scheme's investment managers.

At this time, the Trustees have not yet set stewardship priorities for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

Voting data

The Scheme invests entirely in pooled funds and therefore the Scheme's investment managers, Baillie Gifford and Columbia Threadneedle, vote on behalf of the Scheme's holdings in the pooled funds.

Voting is not applicable to the Scheme's bond holdings (i.e. the LGIM Liability Driven Investments, the LGIM Core Plus Fund, the LGIM Sterling Liquidity Fund and the Barings Global Private Loan Funds) as these funds invest only in fixed income assets, which have no voting rights. The Baillie Gifford Multi-Asset Growth Fund and the Threadneedle Dynamic Real Return Fund invest across a diverse range of asset classes and are therefore included below as the equity holdings carry voting rights. Voting data is shown on the following page.

Voting Data

Manager	Baillie Gifford	Columbia Threadneedle
Fund name	Baillie Gifford Multi-Asset Growth Fund	Threadneedle Dynamic Real Return Fund
Structure	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
Number of company meetings the manager was eligible to vote at over the year	51	344
Number of resolutions the manager was eligible to vote on over the year	517	4,988
Percentage of resolutions the manager voted on	91.5%	99.9%
Percentage of resolutions voted <i>with</i> management¹	96.8%	88.8%
Percentage of resolutions voted <i>against</i> management¹	2.5%	10.1%
Percentage of resolutions the manager abstained from¹	0.6%	1.1%
Percentage of resolutions voted against proxy voter recommendation¹	Not applicable – Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies	Not applicable – proxy voting decisions are made in accordance with internal principles
Proxy Voting Provider	N/A	ISS, IVIS and Glass Lewis

Source: Baillie Gifford, Columbia Threadneedle

Totals may not sum due to rounding.

¹ As a percentage of the total number of resolutions voted on.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a "significant" vote, so for this Implementation Statement the Trustees have asked the investment managers to determine what they believe to be a "significant vote". The Scheme's investment managers all provided a number of votes for each fund which they believe are significant. We have shown an example below for each manager in the interest of concise reporting. More details regarding the other votes provided are available on request.

Baillie Gifford Multi Asset Growth Fund

Vote 1	
Company name	Rexford Industrial Realty, Inc.
Date of vote	5 June 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.9%
Summary of the resolution	Remuneration
How the manager voted	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No
Rationale for the voting decision	Baillie Gifford opposed the executive compensation policy as they do not believe the performance conditions are sufficiently stretching.
Outcome of the vote	Pass
Implications of the outcome	Following the AGM, Baillie Gifford contacted the company to explain their decision to oppose compensation for the second year in a row. This decision was due to concerns with the stringency of the performance targets which allow for payout when underperforming the chosen benchmark on total shareholder return. They asked the company to increase the stringency of their targets. Baillie Gifford has not yet received a response from the company but will monitor any changes.
Criteria on which the vote is considered "significant"	This resolution is significant because Baillie Gifford opposed remuneration.

Source: Baillie Gifford.

Columbia Threadneedle Dynamic Real Return Fund

Vote 1

Company name	Microsoft Corporation
Date of vote	12 July 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.9%
Summary of the resolution	Report on Risks of Operating in Countries with Significant Human Rights Concerns
How the manager voted	Abstain
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	N/A
Rationale for the voting decision	The company faces risks related to human rights in its global operations. Good practice includes disclosing further information regarding the human rights assessment process along with a narrative on how impacts are monitored and effectively mitigated.
Outcome of the vote	Fail
Implications of the outcome	Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.
Criteria on which the vote is considered "significant"	Vote against management on certain environmental or social proposals & >20% dissent

Source: Columbia Threadneedle.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets has not been shown.

Manager	Baillie Gifford	Columbia Threadneedle	LGIM	Barings
Fund name	Baillie Gifford Multi-Asset Growth Fund	Threadneedle Dynamic Real Return Fund	LGIM Core Plus Fund	Global Private Loan Fund I Global Private Loan Fund III Global Private Loan Fund IV
Number of engagements undertaken on behalf of the holdings in this fund in the year	11	325	97	Data not available at a fund-level
Number of entities engaged on behalf of the holdings in this fund in the year	9	168	40	Data not available at a fund-level
Number of engagements undertaken at a firm level in the year	748	1,513	2,144	490

Source: Baillie Gifford, Columbia Threadneedle, LGIM, Barings.

Examples of engagement activity undertaken over the year

Baillie Gifford: China Longyuan Power Group Corporation Limited

On 31st July 2023, Baillie Gifford engaged with the management of China Longyuan Power Group Corporation Limited to discuss three climate-related matters. Firstly, they commended the company for its first-time disclosure of Scope 1 and 2 emissions in its 2022 ESG Report, which increased transparency. Secondly, they requested details around the timelines for Scope 3 emissions disclosure. Thirdly, they urged the company to make a formal commitment to an emissions reduction target to enhance accountability.

During the discussion, Baillie Gifford emphasised the importance of decarbonising the power sector to achieve global climate ambitions. Despite being the largest wind power operator in the world, China Longyuan still emitted over 10 million tons of carbon dioxide from its coal power generation in 2022. The discussion focused on the company's environmental disclosure and its intentions regarding the establishment of emission reduction targets. While the meeting confirmed that the company is making progress in improving its environmental management and disclosure, the progress is slow and short-term. Baillie Gifford highlighted the need for the company to better link its strategic ambitions to be a wind power leader with China's overarching long-term net zero goals. Although the commitment to dispose of coal assets within three years from IPO in 2022 is a significant step, more efforts are needed for a comprehensive transition.

Columbia Threadneedle: CoStar Group Inc

Columbia Threadneedle engaged with CoStar Group Inc, a US-based professional services company, due to concerns over board composition and governance, particularly the excessive tenure of board members, and a shareholder proposal on adopting GHG emissions reduction targets aligned with the Paris Agreement Goals. The engagement started ahead of CoStar's AGM, with multiple meetings and written communications conducted primarily with C-suite executives and investor relations. Columbia Threadneedle emphasized the need for new directors and updating the mandates of the Governance Committee.

Two days after the engagement, CoStar signed a public commitment letter to set science-based greenhouse gas emission reduction targets in accordance with the Science Based Targets Initiative (SBTi). This demonstrated CoStar's receptivity to Columbia Threadneedle's feedback on climate risk disclosure. Subsequently, Columbia Threadneedle voted against two heavily tenured directors at the AGM, reinforcing the need for board refreshment. Moving forward, Columbia Threadneedle will continue to monitor the evolution of CoStar's board composition and the mandates of the Governance Committee to ensure ongoing improvements in governance and sustainability practices. Additionally, they will track the company's progress in meeting its GHG reduction targets and provide further support and engagement as needed.

LGIM (Firm Level): Volkswagen

LGIM conduct all engagements at a firm level, and an example of this over the year is provided below.

Legal & General Investment Management (LGIM) engaged with Volkswagen to address governance and human rights issues related to the company's plant in Xinjiang, China. This engagement aimed to understand Volkswagen's presence in Xinjiang, how Volkswagen enforce governance practices, and how they are working towards removing a red flag assigned by MSCI due to allegations of forced labour. LGIM maintained continuous dialogue with Volkswagen, including meetings with senior management and investor relations, to push for an independent audit of the plant. Following these discussions, Volkswagen conducted the audit, leading to the removal of the red controversy flag by MSCI. This outcome allows a greater proportion of LGIM funds to invest in Volkswagen, demonstrating the effectiveness of LGIM's engagement in driving significant governance improvements.

Barings: WWF

Since 2021, Barings' Emerging Market Corporate Debt team has collaborated with the World Wildlife Fund (WWF) to implement the Deforestation and Conversion Free (DCF) Implementation Toolkit for Financial Institutions (DIFTI). This initiative targets companies in South America to promote deforestation-free supply chains, particularly in the Amazon, Cerrado, and Chaco biomes.

Barings engaged six Brazilian companies (Amaggi, BRF, Marfrig, Minerva, JBS, and Seara) to pilot the toolkit, focusing on commitments to traceability, zero deforestation policies, and comprehensive supply chain understanding. By the end of phase one, Marfrig, Minerva, and BRF produced assessment reports and committed to ongoing evaluations. These companies' enhanced disclosures and commitments support Barings' investment thesis and foster continued engagement.

The findings from this engagement have been aggregated by the collaborative group and will guide further transparency and action. Barings expects the number of participating companies to increase and will continue to support and monitor these efforts in phase two (2024 to 2025).

Case studies provided by Barings may not be applicable to all funds relevant to the strategies invested.