

## Implementation Statement

### Capital Radio plc Pension and Assurance Scheme

#### Purpose of Implementation Statement

This Implementation Statement has been prepared by the Trustees of the Capital Radio plc Pension and Assurance Scheme (the Scheme) and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year to 31 March 2021; and
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 31 March 2021 (or where available).

#### How voting and engagement policies have been followed

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 review the stewardship and engagement activities of the current managers from time to time. No formal review was undertaken during the year and no remedial action was taken during the period.

Each year the Trustees receive and review voting information and engagement policies from the asset managers, which they review to ensure alignment with their own policies, alongside preparation of the Implementation Statement.

Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the fund managers are in alignment with the Scheme's stewardship policies.

## Voting undertaken on behalf of the Trustees

The Scheme's equity exposure is achieved through pooled diversified growth funds managed by Baillie Gifford and Columbia Threadneedle. The investment managers of these funds vote on behalf of the Trustees.

The table below provides a summary of the voting activity undertaken by these managers during the year.

Manager	Baillie Gifford	Columbia Threadneedle
<b>Fund name</b>	Multi Asset Growth Fund	Dynamic Real Return Fund
<b>Structure</b>	Pooled	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
<b>Number of company meetings the manager was eligible to vote at over the year</b>	69	358
<b>Number of resolutions the manager was eligible to vote on over the year</b>	749	4,659
<b>Percentage of resolutions the manager voted on</b>	97.73%	98.80%
<b>Percentage of resolutions the manager abstained from</b>	1.50%	2.40%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	91.53%	91.30%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	6.97%	6.30%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	Data not provided	Data not provided

Source: Fund managers

## Significant votes

The tables below show a selection of significant votes cast by Baillie Gifford and Columbia Threadneedle during the year ending 31 March 2021. There is currently no definition of what constitutes a “significant vote”, so for the implementation statement the Trustees have delegated to the investment managers to define what a significant vote is.

Baillie Gifford and Columbia Threadneedle each provided 10 votes which they deemed to be significant, covering a range of resolution topics. We have included a sample of three votes for each manager in the tables below.

### Baillie Gifford

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	COVIVIO SA	ADO Properties	Merlin Properties
<b>Date of vote</b>	22/04/2020	29/09/2020	16/06/2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	c.0.45%	c.0.39%	c.0.21%
<b>Summary of the resolution</b>	Remuneration - Report	Amendment of Share Capital	Remuneration - Report
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager engage with the company ahead of the vote?</b>	Yes	No	Yes
<b>Rationale for the voting decision</b>	Baillie Gifford opposed five resolutions regarding the in-flight and proposed long-term incentive scheme because it could lead to rewarding under-performance.	Baillie Gifford opposed the resolution which sought authority to issue equity because the potential dilution levels were not in the interests of shareholders.	Baillie Gifford opposed the resolution to approve the Remuneration Report because of concerns with quantum (i.e. the amount(s) in question).
<b>Outcome of Vote</b>	Pass	Pass	Pass
<b>Implications of Outcome</b>	Baillie Gifford will continue dialogue with the company and to take appropriate voting action.	They have since sold out of the stock.	They have been opposing remuneration at the company since 2017 and engaging with the company on the issue. In 2020, they saw significant

improvements in the company's remuneration policy which is a positive outcome.

**Why the vote is considered significant**

Baillie Gifford view this vote as significant because they opposed remuneration.

Baillie Gifford view this vote as significant because it received greater than 20% opposition.

Baillie Gifford view the vote as significant because they opposed the company reports.

Source: Baillie Gifford

**Columbia Threadneedle**

	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
<b>Company name</b>	Amazon.com Inc.	Eurofins Scientific SE	Facebook, Inc.
<b>Date of vote</b>	27/05/2020	26/06/2020	27/05/2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	c.1.61%	c.0.05%	c.0.83%
<b>Summary of the resolution</b>	Elect Director Thomas O. Ryder	Reelect Valerie Hanote as Director	Report on Median Gender/Racial Pay Gap
<b>How the manager voted</b>	Against	Against	For
<b>If the vote was against management, did the manager engage with the company ahead of the vote?</b>	No	No	No
<b>Rationale for the voting decision</b>	Director is an affiliate serving on a key committee.	Low attendance	Material social risk for business; in shareholders' interests.
<b>Outcome of Vote</b>	Pass	Pass	Fail
<b>Implications of Outcome</b>	Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.		

**Why the vote is considered significant**

Columbia Threadneedle view this vote as significant as it was a vote against management

Source: Columbia Threadneedle

## Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustees. The table below provides a summary of the engagement activity undertaken by managers during the year.

	Baillie Gifford	Columbia Threadneedle	LGIM
<b>Fund name(s)</b>	Multi Asset Growth Fund	Dynamic Real Return Fund	All LGIM funds
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	n/a
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	34	Data not provided	n/a
<b>Number of engagements undertaken at a firm level in the year</b>	Data not provided	273	974
<b>Examples of engagements undertaken with holdings in the fund</b>	<p><b>Hammerson plc.</b> Hammerson had its AGM during the second quarter of 2020. In the lead up, Baillie Gifford engaged on proposed changes to its long-term incentive plan.</p> <p>The current plan gives executives shares only when several performance conditions are met. The company proposed replacing this with a restricted stock plan whereby executives are granted shares which must be held for several years but have no performance conditions attached, but with the amount available being halved. Baillie Gifford highlighted that they would like to see greater assurance on preventing rewards for failure.</p> <p>They suggested disclosing a detailed framework that the remuneration committee would use to determine whether executives should receive a reward under the new plan. This engagement resulted in the inclusion of a</p>	<p><b>Canadian Natural Resources</b> The company has considerable and advanced capital allocation strategies and emissions abatement technologies in key areas, including in the carbon-heavy oil sands segment. While present performance and practices lead in the space, the company could not articulate its targets or path to manage and mitigate future emissions, nor is it positioned to address carbon reduction planning across all its segments, which heightens investor and regulatory concern and scrutiny.</p> <p>Columbia Threadneedle requested additional data from the company to address unanswered questions and noted that they will organise a subsequent meeting for further investigation.</p>	<p><b>ExxonMobil</b> The company refused to disclose and set targets for its carbon emissions, which was at odds with peers and caused concern given the long-term prospects of the fossil fuel industry. LGIM announced they would vote against the chair of the board at the May 2020 AGM (after excluding the company from its Future World funds in 2019). This was covered by over 40 articles in major global news outlets. Approximately 30% of shareholders supported the proposals for independence and lobbying. LGIM believe this sends an important signal, and will continue to engage to push for change at the company.</p>

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detailed framework of assessment in the restricted stock plan which Baillie Gifford voted in favour of.

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Source: Fund managers

## Summary

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Scheme's stewardship policies. The Trustees are supportive of the key voting action taken by the applicable fund managers over the period to encourage positive governance changes in the companies in which the managers hold shares.

The Trustees and their investment consultant are working with the fund managers to provide additional information in future in order to enhance their ability to assess the fund managers' actions.

**Prepared by the Trustees of the Capital Radio plc Pension and Assurance Scheme  
March 2021**