

Engagement Policy Implementation Statement (“EPIS”)

Belfast Telegraph Pension Scheme (the “Scheme”)

Scheme Year End – 31 December 2022

The purpose of the EPIS is for us, the Trustee of the Belfast Telegraph Pension Scheme (“the Trustee”), to explain what we have done during the year ending 31 December 2022 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material investment managers were able to disclose adequate evidence of voting and/or engagement activity and the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice. However, Arrowstreet did not provide significant voting examples or fund level engagement examples.

In late 2022 we appointed LGIM as the fiduciary manager for the Scheme. A material consideration in the appointment of LGIM as the Scheme’s fiduciary manager moving forwards was their approach to ESG and stewardship with their appointment and transfer of assets due in 2023.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose adequate evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections.

Ongoing Monitoring

Over the year, we monitored the Environmental, Social and Governance ("ESG") ratings of the Scheme's investments. The ESG ratings are provided by our investment adviser, Aon. There were no major changes to the ESG ratings during the year. All of the Scheme's material funds have an ESG rating of "Integrated". This means that the fund management team has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.

Aon's manager research team engages regularly on behalf of its clients with Buy-rated funds on a variety of ESG issues.

The Scheme's stewardship policy can be found in the SIP:

<https://www.mediahuis.ie/app/uploads/2022/02/Belfast-Telegraph-Pension-Scheme-February-2022-SIP-for-upload.pdf>

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 December 2022.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Arrowstreet - Global Equity Fund	7,402	87.5%	8.2%	0.5%
Nordea - Stable Return Diversified Growth Strategy	2,363	98.8%	9.0%	1.7%
Schroders - Diversified Growth Fund	15,081	95.7%	10.1%	0.6%

Source: Managers

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	Description of use of proxy voting adviser(s)
Arrowstreet	<p>Arrowstreet outsources all proxy voting services to Institutional Shareholder Services (ISS). Arrowstreet engages with ISS to provide proxy-voting services for client accounts (including Arrowstreet Sponsored Funds), including vote analysis, execution, reporting and certain recordkeeping services. Environmental, social and corporate governance (ESG) principles are taken into account in the service provider's standard proxy voting policies. In addition, Arrowstreet makes available enhanced ESG specific proxy voting services upon request. Proxy voting services are monitored periodically by its Client Operations team.</p> <p>Comparing the proxy details for 2021 and 2022, there was a reduction in the "% of resolution voted on" from 96.5% to 87.5% due to missing Power of Attorneys, share blocking restrictions, prohibitive fees, and meetings that were not covered by a proxy service (Russian securities).</p>
Nordea	<p>In general, every vote Nordea cast is considered individually on the background of their bespoke voting policy, which they have developed in-house based on their own principles.</p> <p>Nordea's proxy voting is supported by two external vendors (Institutional Shareholder Services and Nordic Investor Services – henceforth, "ISS" and "NIS") to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors merged.</p> <p>The contrast in the services – ISS is a global player with international reach and practices, while NIS is a small niche player whose best practices are much in line with Nordea's, gives them a broad palette of input which they believe is very valuable in the evolution of their own Corporate Governance Principles. The same setup has continued after the merger of ISS and NIS.</p>
Schroders	<p>Institutional Shareholder Services (ISS) act as their one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with their own bespoke guidelines, in addition, they receive ISS's benchmark research. This is complemented with analysis by Schroders' in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. For Schroders smallest holdings in the US, Hong Kong, Japan, Australia and New Zealand, ISS implements a custom Schroders voting policy, with only a few resolutions referred to Schroders for a final decision*.</p>

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers over the year. Some of the engagement information provided is at a firm level i.e., is not necessarily specific to the fund invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a firm-level
	Fund specific	Firm level	
Arrowstreet – Global Equity Fund			<i>Not provided</i>
Nordea – Stable Return Diversified Growth Strategy	109	994	Climate change, Reporting (e.g. audit, accounting, sustainability reporting), Human and labour rights (e.g. supply chain rights, community relations), Pollution, Waste, and Natural resource use/impact (e.g. water, biodiversity).
Schroders – Diversified Growth Fund	1,193	>2,800	Climate change, Board effectiveness, Leadership, Reporting (e.g. audit, accounting, sustainability reporting), Human capital management (e.g. inclusion & diversity, employee terms, safety) and Human and labour rights (e.g. supply chain rights, community relations).

Source: Managers

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Arrowstreet did not provide significant voting examples or fund-level engagement examples. Additionally, the manager did not provide the other engagement information requested. Arrowstreet does not engage directly with companies and fully outsources all engagement activities to a service provider, Sustainalytics. The service provider report shared by the manager did not provide all the requested stewardship information.
- Schroders provided the voting information needed, but not in the industry standard template.

This report does not include commentary on the Scheme's liability driven investments or cash because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme’s managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below

Nordea - Stable Return Diversified Growth Strategy	Company name	Monster Beverage
	Date of vote	14-Jun-22
	How the manager voted	FOR
	Did the manager communicate its intent to the company ahead of the vote?	No
	Summary of the resolution	Report on GHG emission reduction targets aligned with the Paris Agreement goal
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~1.3%
	Outcome of the vote	AGAINST
	Rationale for the voting decision	Nordea think that additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks.
	Implications of the outcome	Nordea will continue to support shareholder proposals on this issue as long as the company is not showing substantial improvements.
	Criteria on which the vote is considered significant?	Significant votes are those that are severely against Nordea's principles, and where they feel they need to enact change in the company.
Schroders - Diversified Growth Fund	Company name	Guild Esports PLC
	Date of vote	31-Mar-22
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	Not provided
	Summary of the resolution	Authorise Issue of Equity without Pre-emptive Rights
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided
	Outcome of the vote	Not provided
	Rationale for the voting decision	Excessive dilution without pre-emptive rights.
	Implications of the outcome	A significant vote is defined as a vote against management which signals Schroders is not comfortable with the company's management actions/intentions. This is usually used as an escalation method to an engagement that is not progressing, or otherwise may kickstart start an engagement period with the company concerned. After every vote against management, Schroders emails the company to tell them how it voted and its rationale.
	Criteria on which the vote is considered significant?	Schroders believes that all votes against management should be classified as a significant vote. However, Schroders believes resolutions related to certain topics carry particular significance. Schroders therefore ranks the significance of its votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of their holding.

Source: Managers