



ITV Defined Contribution Plan

Following our investment principles

Annual Implementation Statement for the Plan year ending 30 September 2022

This document provides an assessment of how the Trustee has put its Statement of Investment Principles (SIP) into practice during the year.

It covers three main areas: voting rights and voting behaviour; the engagement and monitoring of investment managers; and how responsible investment (referred to as ESG) has been considered as part of the investment decision-making process.

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Section 1: Introduction

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustee of ITV Defined Contribution Plan (“the Plan”) covering the Plan year (“the year”) to 30 September 2022. Specifically this statement relates to the “AE Plan” within the ITV DC Plan. The AE Plan refers to the ITV Auto-Enrolment Plan, which was established by the Principal Employer on 1 April 2020.

The purpose of this statement is to:

- Detail any reviews of the Statement of Investment Principles (“SIP”) that the Trustee has undertaken, and any changes made to the SIP over the year as a result of the reviews.
- Set out the extent to which, in the opinion of the Trustee, the AE Plan’s SIP has been followed during the Plan year.
- Describe the voting behaviour on behalf of the Trustee over the year.

The AE Plan makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact.

A copy of this implementation statement has been made available on the following website: www.itvaeplan.com.

Section 2: Review of and changes to the SIP

The SIP was reviewed at the 12 September 2022 Trustee meeting and it was agreed no changes should be made at that time.

Section 3: Adherence to the SIP

The Trustee believes the policies outlined in the SIP have been followed during the Plan year and the justification for this is set out in the remainder of this section. Please note that this statement only covers sections of the SIP deemed to represent the Trustee's policies, and not introductory or background comments, or statements of fact.

Investment policy and member investment options

The Trustee's investment policy for the AE Plan is structured to achieve its objectives to: ensure the individual fund options are suitably invested and managed to maximise the return commensurate with an acceptable level of risk, and provide members with a diversified range of investment options designed to allow them to meet their own risk, return, liquidity and retirement planning preferences.

The Trustee implements its investment policy for the AE Plan through the Hands off strategy and Hands on fund options that it makes available to members. Overall, the Trustee believes this range of options offers members a balanced range of investment options to allow them to match their investment choice against their own risk tolerance and the different ways in which they may take their benefits.

During the Plan year the Trustee continued its work reviewing the investment strategy for the ITV DC Plan as a whole. Whilst this has not focused specifically on the AE Plan, a number of actions carried out are relevant, including:

- Section 1: Consideration of the Trustee's investment beliefs and objectives, particularly around Sustainable Investment/ESG (including climate change)
- Section 2: Consideration of the degree to which ESG and climate risk factors should be taken into account within the investment strategy

Work to finalise the Trustee decisions and implement any agreed changes to the strategy for the AE Plan is ongoing.

Investment Risk

The Trustee monitors investment risks associated with the AE Plan in a number of ways:

- As part of the at least quarterly monitoring of the investment funds, which includes monitoring of short- and long-term performance, and monitoring of fund managers. The reports include monitoring of capital risk of the active equity and mixed investment funds used in the AE Plan.
- As part of the reviews of the Hands off and Hands on investment strategies carried out over time. When undertaking these strategy reviews, the Trustee considers the membership demographics of the AE Plan, and considers both short and long term risks associated with the investment strategies.

Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The investment strategy reviews take account of the overall balance of these risks.

The AE Plan guide explains to members the investment options available to them, and notes the key risks associated with each option.

Monitoring investment performance and investment manager monitoring

The Trustee receives a quarterly monitoring report from its investment adviser, which is discussed at Trustee meetings during the year, so as to fully understand the background to and reasons for performance of each fund and its component parts.

In addition, the investment adviser updates the Trustee in between these meetings if a particular issue arises with Legal & General or one of the funds made available within the AE Plan.

The overall suitability of the AE Plan's investment managers is formally reviewed as part of the Trustee formal strategy reviews. The formal review, which started in 2020, is ongoing whereas the previous review completed in 2019. The formal review takes account of (amongst other things) the performance of the funds against their objectives, the ratings given to the managers and funds by the investment adviser and the charges for each fund. Suitability of managers is also discussed and considered on a quarterly basis as part of the Trustee's regular monitoring, with the investment adviser providing its ratings and views on managers as required.

Social responsibility and corporate governance

The Trustee believes that sustainable investment is an important and relevant issue. The Trustee also believes that investment managers should exercise strong stewardship, in accordance with the UK Stewardship Code, and follow a policy of active engagement with the companies in which a fund invests.

The Trustee explores the approaches to sustainable investment and stewardship followed by its investment managers, with advice from its investment adviser.

During the Plan year, the Trustee undertook a sustainable investment assessment of the AE Plan's managers. This exercise involved the investment adviser producing detailed reports on the sustainable investment characteristics of the managers included in the AE Plan's funds and information on ESG initiatives and stewardship. The report also included the adviser's views and ratings of managers' approach to ESG integration and stewardship activities. This included an assessment of the managers' commitment to ESG integration, the level of resources dedicated to ESG and stewardship, and the policies applied to corporate engagement and shareholder voting on relevant sustainable investment issues.

Overall, the managers scored well on the majority of areas assessed.

The Trustee intends to continue to liaise with Legal & General to explore the manager's approach to sustainable investment and stewardship in its management of the funds.

The Trustee intends to continue developing how it factors ESG and sustainable investment into its strategy during the current Plan year. More details about this exercise are included in the Annual Chair's Statement, which can be found here: www.itvaeplan.com/docs/ITV-AE-Chairs-Statement.pdf.

Arrangements with investment managers

The assets of the AE Plan are invested in pooled funds, and as such the Trustee does not have direct control or influence on the underlying managers. However, through the regular performance and sustainable investment reporting provided by the investment adviser the Trustee has gained a good understanding of the managers' investment policies and processes. The Trustee has also ensured that all managers have received a copy of the latest SIP so that they are aware of the Trustee's expectations regarding how the AE Plan's assets are managed.

The Trustee reviews the costs incurred in managing the AE Plan's assets annually, as part of its governance and in reporting of the costs and charges in the Annual Governance Statement. The Trustee has reviewed the level of turnover within each underlying fund and is comfortable that these are within expected ranges for each type of fund.

Realisation of investments

In line with its policy, the Trustee has offered members fund options that can be readily realised to allow members to access funds quickly and easily.

Section 4: Voting and Engagement

The AE Plan’s equity holdings are held within pooled investment vehicles, such that the equity holdings are legally owned by the underlying investment managers. This means, in effect, the Trustee delegates voting rights and the execution of those rights to the underlying managers for the securities they hold. The following funds of the AE Plan include equity holdings: mixed selection, global shares (index tracker), social conscience, and shariah law (index tracker). The AE Plan’s investment advisers engage managers on areas for development, not least around resourcing, and improving the breadth and depth of corporate engagements.

The Trustee has selected examples of most significant votes from the details provided by the investment managers, based on what the managers have deemed to be significant. These are examples of votes across a number of ESG issues, including climate change, labour workforce and remuneration policies, and diversity. Based on the information provided by the investment managers, the Trustee is satisfied with their determinations of what is “most significant”.

Summary information on the voting and engagement activities of the managers is provided in the table below. Further information containing information on the managers’ key voting activities is provided in Appendix 1.

Fund	Underlying fund(s)	Votes cast	Use of proxy voter	Significant votes
Global Shares (index tracker)	LGIM MSCI World Adaptive Capped	22,427 (99.66% of eligible votes)	See “LGIM Index Funds” below	See “LGIM Index Funds” below
UK Shares (index tracker)	LGIM UK Equity	22.16% of votes against management / <1% abstained	See “LGIM Index Funds” below	See “LGIM Index Funds” below
Mixed Investments	LGIM Diversified	10,876 (99.93% of eligible votes)	See “LGIM Index Funds” below	See “LGIM Index Funds” below
Social Conscience	Jupiter Ecology	5.88% of votes against management / 0% abstained	Jupiter’s proxy research provider is ISS. Proxy research informs their voting approach, however responsibility for voting decisions resides with the fund manager and is not outsourced to third parties.	Novozymes – Company resolution – Re-elect Jorgen Buhl Rasmussen (Chair) as Director (governance)
Shariah Law (index tracker)	HSBC Global Islamic Index	99,397 (99.75% of eligible votes)	A.O. Smith – Company resolution - Advisory vote to ratify named executive officers' compensation (governance)	

<p>LGIM Index Funds</p>	<p>LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with our position on ESG, they have put in place a custom voting policy with specific voting instructions.</p>	<p>Exxon Mobil – Shareholder resolution - Set GHG emissions reduction targets consistent with Paris Agreement goal (environmental)</p>
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Appendix 1: Voting activity

Introduction

This document is supplementary to the Annual Implementation Statement (“the statement”) prepared by the Trustee of ITV Defined Contribution Plan (“the Plan”) covering the Plan year (“the year”) to 30 September 2022. It provides additional detail on the key voting and engagement activities for the managers during the year, in respect of funds available in the AE Plan within the ITV DC Plan.

Legal & General Investment Management (LGIM) – MSCI World Adaptive Capped Fund, UK Equity Index Fund and Diversified Fund

<p>Voting Activities:</p> <p>MSCI World Adaptive Capped Fund:</p> <ul style="list-style-type: none">• There were 22,504 eligible votes for the fund over the 12 months to 30 September 2022• The manager exercised 99.66% of its votes over the year• 22.16% of votes were against management and <1% were abstained• 15.83% of votes were contrary to the proxy advisor’s recommendation <p>UK Equity Index:</p> <ul style="list-style-type: none">• There were 10,884 eligible votes for the fund over the 12 months to 30 September 2022• The manager exercised 99.93% of its votes over the year• 5.88% of votes were against management and xx% were abstained• 4.56% of votes were contrary to the proxy advisor’s recommendation <p>Diversified Fund:</p> <ul style="list-style-type: none">• There were 99,646 eligible votes for the fund over the 12 months to 30 September 2022• The manager exercised 99.75% of its votes over the year• 21.86% of votes were against management and xx% were abstained• 12.45% of votes were contrary to the proxy advisor’s recommendation
<p>What is LGIM’s policy on consulting with clients before voting?</p> <p>LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.</p> <p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team.</p> <p>The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries</p>
<p>Please describe whether LGIM has made use of any proxy voter services</p> <p>LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. For more details, please refer to the Voting Policies section of this document.</p>

Please provide an overview of LGIM’s process undertaken for deciding how to vote

All decisions are made by LGIM’s Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

Is LGIM currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?

Please refer to the LGIM investment stewardship conflict of interest document at the following link: <https://www.lgim.com/api/epi/documentlibrary/view?id=1116980ea5bf43fa9801c212be73f487&old=literature.html?cid=>

Please include here any additional comments which are relevant to LGIM’s voting activities or processes

It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM’s internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM’s proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

Most significant vote – Vote 1: Shell

Resolution: Company resolution - Approve the Shell Energy Transition Progress Update

Approximate size of the fund’s holding as at the date of the vote: 0.35%

Guidance – Proxy: Not provided, **Management:** For

Action: Against

Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.

This vote is considered significant as it is an escalation of LGIM’s climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

Outcome: Pass

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Most significant vote – Vote 2: Occidental Petroleum

Resolution: Company Resolution - Elect Director Carlos M. Gutierrez

Approximate size of the fund’s holding as at the date of the vote: 0.19%

Guidance – Proxy: Not provided, **Management:** For

Action: Against

Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. We are targeting the largest companies as we believe that these should demonstrate leadership on this critical issue.

This vote is considered significant as LGIM views diversity as a financially material issue for clients, with implications for the assets they manage on clients’ behalf.

Outcome: Pass

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Jupiter Asset Management – Jupiter Ecology Fund

<p>Voting Activities</p> <ul style="list-style-type: none">• There were 844 eligible votes for the fund over the 12 months to 30 September 2021• The manager exercised 100% of its votes over the year• 2% of votes were against management and <1% were abstained
<p>What is Jupiter’s policy on consulting with clients before voting?</p> <p>Jupiter is open to and welcomes dialogue with clients on stewardship matters, including voting decisions. Such dialogue is typically coordinated by Jupiter’s in-house Governance and Sustainability team, who work with its fund managers on proxy voting and company engagement and the development of its Stewardship Policy.</p> <p>Understanding client priorities, engaging in collective action with other investors, using third party data and remaining close to investor organisations and industry bodies informs its overall stewardship strategy, including voting. Ultimately, Jupiter expresses that it is transparent in communicating to the clients of its pooled funds that the fund managers at Jupiter take the lead and are accountable for stewardship activity, including voting decisions. This is in keeping with its active management philosophy and Jupiter does not think it is in keeping with its responsibilities to clients if these duties become detached from its fund managers.</p>
<p>Please describe whether Jupiter has made use of any proxy voter services</p> <p>In order to assist in the assessment of corporate governance and sustainability issues, Jupiter subscribes to external corporate governance and sustainability research and data providers. Such external resources contribute to forming a balanced view on voting matters. However, while Jupiter takes the proxy adviser’s recommendations into account, stewardship activities are not delegated or outsourced to third parties and recommendations are not automatically followed when deciding how to vote. Jupiter’s primary proxy research providers are Institutional Shareholder Services (ISS).</p>
<p>Please provide an overview of Jupiter’s process undertaken for deciding how to vote</p> <p>Jupiter’s individual fund managers with responsibility for an investment in a company retain ultimate discretion over voting decisions for the funds they manage on behalf of clients. This is consistent with Jupiter’s active management philosophy.</p> <p>Jupiter does not think it is appropriate or in keeping with its commitment to clients if these considerations become detached from its fund managers. Therefore, Jupiter does not outsource voting or engagement activity to third parties and does not automatically follow voting recommendations. The process is supported by Jupiter’s Governance and Sustainability (‘GS’) team, which is involved in reviewing agenda items, disseminating information and engaging with companies. Resolutions are assessed against Jupiter’s Stewardship Policy and any non-compliance with good market practice or major issues (including investment decisions) is discussed with fund managers prior to voting.</p>
<p>Is Jupiter currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</p> <p>Jupiter expressed that it is not affected by any conflicts listed.</p>
<p>Please include here any additional comments which are relevant to Jupiter’s voting activities or processes</p> <p>No response provided.</p>

Most significant vote – Vote 1: Novozymes

Resolution: Company resolution – Re-elect Jorgen Buhl Rasmussen (Chair) as Director

Approximate size of the fund’s holding as at the date of the vote: 1.33%

Guidance – Proxy: not provided, **Management: For Action:** Abstain.

As Chair as the remuneration and nomination committee, gender diversity on the board is under his remit and should be improved. The company adopted new diversity targets in its 2021 annual report, we will be monitoring board appointments next year.

This vote is considered significant because of the potential impact on financial outcome.

Outcome: Not known

Most significant vote – Vote 2: A.O. Smith

Resolution: Company resolution - Advisory Vote to Ratify Named Executive Officers' Compensation

Approximate size of the fund’s holding as at the date of the vote: 2.09%

Guidance – Proxy: Not provided, **Management: For**

Action: Against

We vote against the executive compensation because only 1/3 of the long-term incentive awards are tied to challenging performance conditions. We don’t consider the 5% return-on-equity hurdle for the Restricted Stock Units to be stretching at all. Furthermore, the options vest over a short time period of less than three years, which doesn’t feel in the spirit of a long-term incentive, and it is not clear why the return-on-invested-capital/weighted-average-cost-of-capital tested aspect vests in cash rather than equity when we would like to see the executive chair own more shares.

This vote is considered significant because of the potential impact on financial outcome.

Outcome: Pass

The resolution passed and we remain invested in the company. We will continue to monitor remuneration practices at the company.

HSBC Global Asset Management – Islamic Global Equity Index Fund

<p>Voting Activities</p> <ul style="list-style-type: none">• Voting Activities• There were 1,678 eligible votes for the fund over the 12 months to 30 September 2021• The manager exercised 95.8% of its votes over the year• 17.4% of votes were against management and <1% were abstained• 10.6% of votes were contrary to the proxy advisor’s recommendation
<p>What is HSBC’s policy on consulting with clients before voting?</p> <p>The legal right to the underlying votes lies with the directors of the HSBC Islamic Global Equity Index Fund. They have delegated this execution of this voting to HSBC Global Asset Management (UK) Limited.</p>
<p>Please describe whether HSBC has made use of any proxy voter services</p> <p>We use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of our voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene our guidelines. We review voting policy recommendations according to the scale of our overall holdings. The bulk of holdings are voted in line with the recommendation based on our guidelines.</p>
<p>Please provide an overview of HSBC’s process undertaken for deciding how to vote</p> <p>We exercise our voting rights as an expression of stewardship for client assets. We have global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.</p>
<p>Is HSBC currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</p> <p>HSBC Funds and client mandates may hold shares in our parent HSBC Holdings PLC. We have a special procedure for voting these shares to manage this conflict. We also have procedures for managing other conflicts that may arise. However, we do not believe that we have exposure to the conflicts listed.</p>
<p>Please include here any additional comments which are relevant to HSBC’s voting activities or processes</p> <p>No response provided.</p>
<p>Most significant vote – Vote 1: Alphabet</p> <p>Resolution: Shareholder resolution - Adopt a Policy to Include Non-Management Employees as Prospective Director Candidates</p> <p>Approximate size of the fund’s holding as at the date of the vote: 6.36%</p> <p>Guidance – Proxy: Not provided, Management: Against</p> <p>Action: For</p> <p>Given the risks that could arise from the use of algorithms and increasing relevant legislation, the company should disclose more about the potential risks the company faces, the safeguards and procedures in place to mitigate them.</p>

This vote is considered significant due to the company's large holding in the portfolio.

Outcome: Fail

We will continue to engage on the issue along with other issues of concern, and will likely vote against a similar proposal should we see insufficient improvements.

Notes:

1. The following five conflicts were provided to investment managers and have been sourced from the Vote reporting template for pension scheme implementation statement issued by the Pensions and Lifetime Savings Association ("PLSA"):
 1. The asset management firm overall has an apparent client-relationship conflict eg, the manager provides significant products or services to a company in which it also has an equity or bond holding.
 2. Senior staff at the asset management firm hold roles (eg, as a member of the Board) at a company in which the asset management firm has equity or bond holdings.
 3. The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding.
 4. There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer.
 5. There are differences between the stewardship policies of managers and their clients.