ITV PENSION SCHEME
DEFINED BENEFIT SECTION

Following our INVESTMENT PRINCIPLES

Annual implementation statement
Scheme year ended 31 December 2023

TABLE OF CONTENTS:

SECTION 1:	INTRODUCTION	3
SECTION 2:	REVIEW OF, AND CHANGES TO, THE SIP	4
SECTION 3:	ADHERENCE TO SIP	5
SECTION 4:	VOTING AND ENGAGEMENT	8
SECTION 5:	CONCLUSION	11

SECTION 1:

Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of ITV Pension Scheme ("the Scheme") covering the Scheme year ("the year") to 31 December 2023.

The purpose of this statement is to:

- Detail any reviews of the 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 Scheme's Statement of Investment Principles ("SIP") required under section 35 of the Pensions Act 1995 has been followed during the Scheme year
- Describe the voting behaviour by, or on behalf of, the Trustee during the year and any use of the services of a proxy voter during that year
- Describe the engagement objectives that have been set by the Trustee including examples of engagement activities undertaken by, or on behalf of, the Trustee during the year. The Scheme 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:

https://www.itv-pensions.com/library-items/library-db.aspx

This document focuses on the investments held for the purposes of the Scheme's Defined Benefits Section, and all references to the Scheme should be interpreted as referring to this. A further statement relating to the Defined Contribution investments can be found at the following website:

https://www.itv-pensions.com/library-items/default.aspx

SECTION 2:

Review of, and changes to, the SIP

The Trustee Board review the SIP at least every three years to coincide with the triennial valuation process, or sooner if there are significant changes in investment policy or there is a material change to the Section's funding position or other circumstances which, the Trustee Board determines, warrant a reconsideration of strategic asset allocation and risk tolerance beyond responses envisaged in the latest statement of investment principles.

The SIP in place during the Scheme year was dated September 2020. The SIP was last reviewed in May 2022, however no updates were made to this version. For the purpose of assessing how the Scheme's SIP has been followed, the remainder of this statement specifically focusses on the SIP signed as at September 2020 (reviewed in May 2022).

The SIP was not reviewed and updated during the Scheme year, although it was updated shortly after the Scheme year end, and an updated SIP has been adopted which is dated March 2024.

SECTION 3:

Adherence to SIP

The Trustee believes the policies outlined in the SIP have been followed during the Scheme 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, statements of fact.

Scheme objectives and investment strategy

The Trustee Board is responsible for the stewardship of the Scheme's assets and ensures that there are sufficient assets available in the Scheme to meet the payment of pension obligations in full as they fall due. The Trustee has set up a cashflow management process to ensure sufficient levels of liquidity are available to the Scheme to meet payments such as benefit outgo and to avoid becoming a forced seller in distressed market conditions. The liquidity of the Scheme is monitored on a regular basis and is reviewed by the Trustee formally on a quarterly basis through a Cashflow Monitoring report. The Trustee continues to invest across a range of asset classes and diversifies exposure across counterparties.

Over the Scheme year to 31 December 2023, the Trustee fully implemented its policy to transition towards a cashflow matching approach. This approach is continuously evolving and focusses on having a high-quality income-generating portfolio in order to pay for benefit outgo as they fall due. During the year, the Scheme disinvested from its alternative credit mandate with the view of improving the cashflow profile for the Scheme by allocating a proportion of these assets to the Scheme's longer dated, higher quality corporate credit mandate. This credit portfolio is a key building block within the overall cashflow matching strategy and provides reliable cashflows for the Scheme. The Trustee has also monitored and discussed other aspects of the cashflow profile over the course of the year such as the Scheme's allocation to illiquid contractual cashflow assets. Notably, the Scheme committed a portion of the alternative credit proceeds to these illiquid contractual assets with the aim of providing increased transparency and confidence relating to future asset income whilst taking advantage of the attractive market for buyers of illiquid assets. The remainder of the alternative credit proceeds were invested in the Scheme's LDI portfolio to improve collateral levels and target a collateral buffer above the levels detailed in the latest regulatory guidance.

The Trustee Board's policy is to consider risk in the context of generating sufficient cashflows from the asset portfolio to meet the expected liability payments on both a best estimate and prudent basis.

The Trustee acknowledges that the Scheme is exposed to a series of risks and its policy is that wherever possible risks should be reduced or limited as is practicable. The Trustee monitors investment risks, including longevity risk, associated with the Scheme on a regular basis, as part of the regular monitoring of the investment funds, and as part of the strategy reviews. Risk is not considered in isolation, but in conjunction with expected investment returns, maturity of the Scheme and strength of the employer. The investment strategy reviews take account of the overall balance of these risks. The Trustee receives a quarterly monitoring report from its investment adviser, which is discussed at each Trustee meeting, so as to fully understand the background to and reasons for performance of each fund and its component parts. This quarterly report also allows the Trustee to monitor key liability risks including inflation and interest rate risks which are managed through its LDI programme. In line with the Scheme's predominantly fixed income asset base the Scheme also monitors the credit portfolio on a quarterly basis in more detail to ensure credit risk remains appropriate.

The Trustee has followed its specific portfolio construction beliefs. In particular, the Trustee believes that developed market currency exposure does not improve risk-adjusted returns and so should be removed if appropriate through currency hedging. Similarly, the Trustee believes that interest rate and inflation risk versus the liabilities should be hedged. In line with the Trustee's beliefs, the Trustee delegates the managing and hedging of the Scheme's currency exposure to the investment managers, with the objective of hedging overseas exposure to target percentages of the various assets. A single manager has been appointed to manage the Liability Driven Investment portfolio which includes managing the Scheme's interest rate and inflation exposure versus liabilities and hedging to target levels so as to reduce funding volatility.

The Trustee's policy details that the Investment Committee ("IC") reviews the asset allocation on a regular basis to ensure it is appropriate and aligned with the cashflow matching objectives of the Scheme. The suitability of managers is also considered on a quarterly basis as part of the Trustee's quarterly monitoring, with the investment adviser providing its ratings and views on managers as required. During 2023, the IC (on behalf of the Trustee) reviewed this material with its advisers and did not consider any further changes to be required. This responsibility has now passed to the newly formed Investment Working Group (IWG) under a new governance structure. The IWG was formed due to the Trustee Board's recognition that the complexity of modern investment demands specialist expertise, experience and a significant amount of time. The IWG, which is a sub-group of the Trustee Board, is responsible for overseeing the investment portfolio and handling more detailed investment matters throughout 2024 and beyond although the Trustee will remain responsible for strategic investment decisions.

Further to the above, the Scheme has fully adhered to its risk management policies as outlined in the SIP for the following risks: solvency, mismatching, manager, liquidity, credit, currency interest rate, inflation, custodial, political, sponsor and derivatives.

Other Investment Policies

The Trustee expects its fund managers, where appropriate, to have integrated environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process and will review managers in this regard. The Trustee reviews these managers via the Scheme's quarterly reporting which includes the investment advisor's views and ratings of each manager's approach to ESG integration and stewardship activities, as well as performance-related data. Additionally, the Scheme receives updates from its investment advisor's manager research team with notable updates on managers and any changes of investment rating (which includes integration of sustainable investment/ESG characteristics within the rating). The Scheme's advisors also engage with managers on ESG issues on the Scheme's behalf, as well as policymakers and the industry as a whole. During 2023, the Trustee continued its focus on ESG themes and maintained its ESG Workplan to ensure appropriate ESG monitoring (focussing primarily on climate risk analysis), engagements, training and to capture work required to meet regulatory duties. Following extensive discussions, training and work with its investment advisor on TCFD requirements throughout 2022, the Trustee published its first Climate Change Report in 2023. This report was published in line with the recommendations of the Task Force on Climate Related Disclosures ("TCFD"), with the aim of improving and increasing reporting of climate-related financial risks and opportunities.

The Trustee Board's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The Scheme's investment advisor engages managers on areas for development including improving the breadth and depth of corporate engagements. Further information on the voting and engagement activities is provided in Section 4 of this statement.

The Trustee will ensure that the investment objectives and guidelines of pooled vehicles are consistent with its policies. Where segregated mandates are used, the Trustee will ensure the Investment Management Agreements are consistent with the Trustee's policies. The Trustee ensures guidelines across pooled and segregated mandates are aligned with the Scheme's policies when appointing a new manager. For pooled funds guidelines are reviewed via an investment review provided by the Scheme's investment advisor alongside a satisfactory investment letter. For segregated mandates the guidelines are written with support from the Scheme's investment advisors to ensure consistency with the Trustee's policies.

Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies (including ESG factors), the Trustee will engage with the manager further to encourage alignment. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced. The Trustee monitors managers as part of its quarterly reporting, as described above, in addition to ad-hoc updates for notable changes. The current alignment of the investment managers with the Scheme's policies is satisfactory, however, the Trustee intends to continue developing its approach to monitoring the fund managers, and to continually evolve its policy on sustainable investment. During the third quarter of 2023, the Trustee discussed a sustainable investment action plan which sets outs a timeline of activities in 2024 to ensure that the Trustee continues to evolve its sustainable investment activities in line with regulation, guidance and industry best practice. The Trustee's ESG objectives are considered alongside the funding and investment strategy to ensure these are appropriately integrated and aligned.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the Trustee's focus is on longer-term outcomes. The Trustee expects the investment managers to use their engagement activity to drive improved performance over these periods. The Trustee monitors manager performance over a long-term time horizon relative to an appropriate benchmark where one is available or an appropriate return objective where one is not available. Whilst there were some changes to the underlying investment managers over the year, no managers were terminated based on short term performance alone. Consistent with the Scheme's long investment time horizon, the Trustee seeks to be a long-term investor and has appointed managers with the expectation of a long-term relationship.

The Trustee has agreed fees with each manager consistent with their stated fee scale and negotiated where possible. Regular assessment of fees and costs incurred in managing the Scheme's assets (including the costs associated with portfolio turnover) is undertaken and fees are negotiated where appropriate. The IC assesses and negotiates manager fees typically at portfolio inception and these are assessed on a regular basis which where appropriate may include negotiation or engagement with investment managers. Manager fees are reviewed by the IC on a quarterly basis and are included in the Scheme's reporting prepared by the Scheme's investment advisor on a quarterly basis. Other costs, including portfolio turnover costs are reviewed as part of an annual review of fees or as part of annual MiFID II regulatory reporting detailing fees actually incurred for investment services and financial instruments based on available information from the Scheme's investment managers.

SECTION 4:

Voting and Engagement

Voting

The Trustee disinvested from their equity holdings in October 2020 and no longer holds any public equities to provide voting data for.

Engagement

The Scheme regularly reviews the engagement activity of the underlying managers in its portfolio where applicable. This is relevant for asset classes such as credit. Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies as set out in the SIP, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. The Trustee meets with managers on an ad-hoc basis to discuss investment strategy, including ESG related policies. Additionally, the Trustee has selected to monitor the number and percentage of climate-related portfolio engagements on an annual basis as part of the requirements under the Task Force on Climate-related Financial Disclosures (TCFD). This engagement-based metric has been chosen with the forward-looking aim of improving the level and the depth of engagement over time.

As set out in the Trustee's Sustainable Investment Beliefs, ESG factors are thought to affect risk and return over the medium to long term (10+ years) and should be taken into account in all investment analysis. The Trustee also believes that assets with well-managed ESG factors should produce higher risk-adjusted returns over the Scheme's time horizon. The Trustee strives to integrate sustainability considerations into decision making and investment analysis processes and has appointed its managers with the view that they will embed the consideration of ESG factors in their processes and engagement activities.

The day-to-day integration of ESG considerations and stewardship activities are delegated to the Scheme's investment managers. The Trustee is comfortable with this approach, given that ESG factors form a significant part of manager selection exercises and ongoing due diligence, particularly when considering long-term investments. During 2023, the Trustee agreed stewardship priorities against which manager engagement would be conducted. The agreed stewardship priorities are:

- Climate Change
- Inclusion and Diversity

Further information on the engagement activities of the Scheme's managers (as applicable) is provided in the table below with a view of alignment with the stewardship priorities that have been agreed by the Trustee.

The AXA Buy and Maintain credit portfolio undertakes an active engagement approach, emphasising direct dialogue with companies on sustainability and governance issues that have a material impact on long-term financial performance. AXA seek to meet and engage with representatives from all levels of the investee company. This includes the board, senior management and operational specialists, amongst others. Their process is based around long-term and constructive dialogue, they define clear objectives for engagement, share them with investee companies, and systematically track and record the progress of engagement. Where there is little progress, AXA will escalate the engagement in an appropriate fashion.

Engagement statistics - Scheme year ended 31 December 2023

Manager	Fund	Number of engagements	Environmental	Social*	Governance	Other
AXA Investment Managers	Buy and Maintain Credit	45 (2022: 37)	60.0% (2022: 45.2%)	28.0% (2022: 27.4%)	12.0% (2022: 26.0%)	0.0% (2022: 1.4%)

*Including Ethical
Totals may not sum due to rounding

Engagement statistics and examples are sourced from the investment manager AXA. The following table outlines a number of engagement case studies on the Trustee's behalf.

Engagement case studies	Coverage in portfolio
Company: Aegon NV **Topic:** Corporate Governance **Summary of engagement:** "Following our discussion with the CEO in July 2023 related to the announced relocation to Bermuda, the Eumedion collaborative initiative held a separate call with the Chair of the Supervisory Board to reiterate our concerns that were mainly related to the fact that several shareholder rights (on binding remuneration policy, dividend approval, share buybacks and pre-emptive rights) will be removed. On September 15 2023, the company published a commitment to revise several shareholders' rights that would have been undermined following the transfer to Bermuda. All our engagement objectives have been answered. We have therefore approved the company's transfer and consider we reached an engagement success milestone." **Outcome of engagement:** Success	AXA Buy and Maintain Credit
Company: Bank of America Corp **Topic:** Climate Change **Summary of engagement:** "We met with Bank of America's (BofA) vice chairman in charge of the sustainability strategy and other representatives to discuss its financing policies, in particular for the coal and unconventional oil & gas (O&G) industries. BofA is targeted as part of our engagement programme with banks that issue green bonds. We expect BofA to detail its efforts to fulfil net-zero emissions targets as guided by various organizations, to expand its coal and unconventional O&G financing policies to underwriting activities. We consider that engagement is progressing as we were able to meet with a senior executive from the bank, and more importantly because Bank of America has established financing policies related to coal and unconventional oil & gas that we welcome. We see BofA as a leading bank on these issues compared to its large US peers. That said, we still need clarifications, and we consider there is room for improvement on unconventional oil and gas policies – therefore we will continue the discussion with the bank. We will keep engaging with BofA, notably to push for improvement of its unconventional O&G financing policies" **Outcome of engagement:** Progress	AXA Buy and Maintain Credit

Engagement case studies	Coverage in portfolio
Company: Mizuho Financial Group Inc **Topic:** Climate Change **Summary of engagement:** "We met individually with Mizuho – which is part of our climate laggards list-for the fourth time since we initiated a dialogue on their climate policy in September 2022.It was the first meeting since they published updated ESG and TCFD reports. We expect the bank to improve its climate policies and strategy. Mizuho explained that they use demanding scenarios – mainly the IEA's NZE– but want to remain grounded in reality. They study sectors and technologies and engage with clients to find solutions. In addition to power, oil and gas and coal, they will soon provide policies and targets for auto and steel. They explained that real estate was a much more challenging sector due to the lack of proper data. Mizuho is clearly on top on the subjects. The answers were clear and precise and we consider that engagement is progressing. The TCFD report is very rich and full of useful data. The addition of non-financial elements in the remuneration of management is new and a positive evolution. They will provide targets for new sectors in the coming months. We will recontact Mizuho in the Spring of 2024 after the next publication cycle." **Outcome of engagement:** Progress	AXA Buy and Maintain Credit

SECTION 5:

Conclusion

The Trustee believes that the Scheme's engagement policy as outlined in the SIP has been adhered to over the Scheme year. Following monitoring of the Scheme's investment managers over the year, and reviewing the engagement information outlined in this statement, the Trustee is satisfied that managers are acting in the Scheme members' best interest and are effective stewards of the Scheme's assets.