

Hughes Network Systems Limited Pension & Life Assurance Scheme

Implementation Statement

Year Ending 31 March 2022

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
Scheme	Hughes Network Systems Limited Pension & Life Assurance Scheme
Scheme Year	1 April 2021 to 31 March 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustee has reviewed the extent to which its policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of the Scheme's investment managers and provides information on the significant votes made in respect of the Trustee's equity holdings. Information is also provided on the how the Scheme's investment managers make use of the services of proxy voting advisers.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- Baillie Gifford Multi-Asset Growth Fund
- BNY Mellon Real Return Fund

The Trustee's Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustee's policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP and a summary is as follows:

- The Trustee believes that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustee wishes to encourage best practice in terms of stewardship.
- The Trustee invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustee considers, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustee (in conjunction with its Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustee will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustee may look to replace that fund. However, in the first instance, the Trustee would normally expect its Investment Adviser to raise the Trustee's concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustee's opinion is that its policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustee's belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustee did not invest in any new funds during the period although new funds were selected and were added to the Scheme's portfolio after the end of the Scheme Year. Where the new funds included an allocation to equities, the Trustee considered the investment manager's voting approach as part of the fund selection process.
- During the Scheme Year, the Trustee considered the voting records of the investment managers over the period ending 31 March 2021.
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment managers based on the period ending 31 March 2022 has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from the latest analysis is provided below.
- The investment managers used by the Scheme are UNPRI signatories.

The Investment Managers' Voting Records

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained / withheld
Baillie Gifford	20,000	93%	3%	4%
Newton	7,100	83%	14%	3%

Notes

These voting statistics are based on both managers' full voting record over the 12 months to 31 March 2022 rather than votes relating solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Baillie Gifford	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
Newton	ISS	Only used in the case of a conflict of interest

The Investment Managers' Voting Behaviour

The Trustee has reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management");
- the votes they cast in the year to 31 March 2022 on the most contested proposals in nine categories across the UK, the US and Europe;
- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustee has also compared the voting behaviour of the investment managers with their peers over the same period.

The Trustee's key observations are set out below.

Voting in Significant Votes

Based on information provided by the Trustee's Investment Adviser, the Trustee has identified significant votes in nine separate categories. The Trustee considers votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the nine categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustee considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of Voting Behaviour

Baillie Gifford

The manager has a tendency to support management proposals. Baillie Gifford's active management style provides some justification for this since the manager will naturally be supportive of the management teams of the companies it has actively chosen to invest in. However, the strong level of support for management identified in Baillie Gifford's voting data may indicate a degree of over-confidence in the companies in which Baillie Gifford invests.

Baillie Gifford has held companies to account on climate change issues by opposing director proposals on climate change which were deemed not to go far enough and by supporting shareholder proposals in this area.

Baillie Gifford continues to be less supportive than many of its peers of shareholder proposals aimed at tackling social issues and this leaves Baillie Gifford open to criticism. The Trustees' Investment Adviser has fed this message back to Baillie Gifford.

Newton (*Fund manager of BNY Mellon Real Return Fund*)

The Trustees have no concerns regarding Newton's voting record.

In the director proposals which were identified as being the most significant, Newton has demonstrated a willingness to vote against management on a broad range of issues.

Newton has also shown a willingness to use its voting rights to support shareholders bringing proposals aimed at tackling a broad range of ESG issues.

Conclusions

Based on the analysis undertaken, the Trustee has no material concerns regarding the voting records of the Scheme's investment managers.

The Trustee will keep the voting actions of the investment managers under review.

Alison Creasy, For and on behalf of Capital Cranfield Pension Trustees Limited

Date: 28/7/22

Signed on behalf of the Trustee of the Hughes Network Systems Limited Pension & Life Assurance Scheme

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustee.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	Baillie Gifford	Newton
Audit & Reporting						
SARTORIUS STEDIM BIOTECH SA	29/03/2022	Approve Auditors' Special Report on Related-Party Transactions	20	80	For	Not held
CITIGROUP INC.	27/04/2021	Ratify KPMG LLP as Auditors	88	12	Not held	For
ECOLAB INC.	06/05/2021	Ratify PricewaterhouseCoopers LLP as Auditors	91	9	Not held	Against
RWE AG	28/04/2021	Appoint the Auditors	92	8	For	For
ADIDAS AG	12/05/2021	Ratify KPMG AG as Auditors for Fiscal Year 2021	92	8	For	Not held
Shareholder Capital & Rights						
KERING SA	22/04/2021	Authorize Capital Issuances for Use in Employee Stock Purchase Plans	32	68	For	Not held
VIVENDI SA	22/06/2021	Authorize Specific Buyback Program and Cancellation of Repurchased Share	73	26	Not held	Against
VONOVIA SE	16/04/2021	Approve Authority to Increase Authorised Share Capital and Issue Shares	78	22	Against	Not held
RIO TINTO PLC	09/04/2021	Authorise Share Repurchase	80	20	For	Not held
SSP GROUP PLC	04/02/2022	Issue Shares with Pre-emption Rights	80	20	For	Not held
Pay & Remuneration						
NETFLIX INC.	03/06/2021	Advisory Vote on Executive Compensation	51	49	For	Not held
ABIOMED INC.	11/08/2021	Advisory Vote on Executive Compensation	50	47	Against	Not held
GENERAL ELECTRIC COMPANY	04/05/2021	Advisory Vote on Executive Compensation	42	57	Not held	Against
THALES	06/05/2021	Approve Amendment of Remuneration Policy of Chairman and CEO Re: FY 2019	59	41	Not held	For
TERNA SPA	30/04/2021	Approve Second Section of the Remuneration Report	59	41	For	Not held
Constitution of Company, Board & Advisers						
APPLE INC.	04/03/2022	Elect Alex Gorsky - Non-Executive Director	50	50	Not held	For
TE CONNECTIVITY LTD	09/03/2022	Amend Article 5	50	50	Not held	Against
INFORMA PLC	03/06/2021	Elect Stephen Davidson - Non-Executive Director	53	47	Not held	Against
ECOLAB INC.	06/05/2021	Elect John J. Zillmer - Non-Executive Director	61	39	Not held	Against
AIR LIQUIDE SA	04/05/2021	Elect Bertrand Dumazy - Non-Executive Director	63	37	Not held	For
Merger, Acquisition, Sales & Finance						
VONOVIA SE	16/04/2021	Issue Bonds/Debt Securities	79	21	Against	Not held
DELIVERY HERO SE	16/06/2021	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds	84	16	For	Not held
SANOI	30/04/2021	Approve Issuance of Debt Securities Giving Access to New Shares of Subsidiaries	96	4	Not held	For
RWE AG	28/04/2021	Approve Issuance of Bonds with Convertible Bonds with Partial Exclusion of Preemptive Rights up to Aggregate Nominal Amount of EUR 5 Billion	97	3	For	For
IBERDROLA SA	17/06/2021	Issue Bonds/Debt Securities	99	0	For	Not held
Climate Related Resolutions						
UNILEVER PLC	05/05/2021	Approve Climate Transition Action Plan	99	1	Not held	For
IBERDROLA SA	17/06/2021	Advisory Vote on Company's Climate Action Policy	97	0	For	Not held
Other Company Resolutions						
TE CONNECTIVITY LTD	09/03/2022	Allow Proxy Solicitation	62	38	Not held	Against
SSP GROUP PLC	04/02/2022	Meeting Notification-related Proposal	79	21	For	Not held
LOREAL SA	20/04/2021	Suspension of Nicolas Hierominus' Previous Employment Contract	85	15	Not held	Against
SEGRO PLC	22/04/2021	Meeting Notification-related Proposal	86	14	For	Not held
ANGLO AMERICAN PLC	05/05/2021	Meeting Notification-related Proposal	88	12	Not held	For
Governance & Other Shareholder Resolutions						
APPLE INC.	04/03/2022	Shareholder Resolution: Report on Concealment Clauses	49	49	Not held	For
THE GOLDMAN SACHS GROUP INC.	29/04/2021	Shareholder Resolution: Report on the Impacts of Using Mandatory Arbitration	49	43	Not held	For
ELI LILLY AND COMPANY	03/05/2021	Shareholder Resolution: Report on Lobbying Payments and Policy	48	52	Not held	For
ROYAL CARIBBEAN CRUISES LTD	02/06/2021	Shareholder Resolution: Report on Political Contributions Disclosure	53	47	For	Not held
TESLA INC.	07/10/2021	Shareholder Resolution: Declassify the Board of Directors	53	44	Against	Not held
Environmental & Socially Focussed Shareholder Resolutions						
APPLE INC.	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	Not held	For
TESLA INC.	07/10/2021	Shareholder Resolution: Report on Diversity and Inclusion Efforts	55	41	Against	Not held
BOOKING HOLDINGS INC.	03/06/2021	Shareholder Resolution: Report on Annual Climate Transition	56	43	For	Not held
		Shareholder Resolution: Oversee and Report on a Civil Rights, Equity, Diversity and Inclusion Audit	44	55	Abstain	For
AMAZON.COM INC.	26/05/2021					
MICROSOFT CORPORATION	30/11/2021	Shareholder Resolution: Report on Gender and Racial Pay Gap	40	59	Not held	For

Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.