

Implementation Statement

UCAS Pension and Life Assurance Scheme (1993)

Scheme year end 31 July 2022

Purpose of the Implementation Statement

The Implementation Statement has been prepared by the Trustees of the UCAS Pension and Life 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.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 30 June 2022. The voting behaviour is not given over the Scheme year end to 31 July because investment managers only report on this data quarterly. We have therefore given the information over the year to 30 June 2022.

How voting and engagement policies have been followed

The Trustees consider their voting and engagement policies have been met in the following ways:

- At the Scheme year-end, the Scheme's investment managers were Columbia Threadneedle (formerly BMO Global Asset Management), Baillie Gifford & Co, and State Street Global Advisors. The Trustees regularly consider the performance of the funds and any significant developments that arise.
- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's investment managers.
- The Trustees undertook a review of the stewardship and engagement activities of the current managers in September 2020 and were satisfied that their policies were reasonable and in alignment with the Trustees' own policies.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the Scheme's investment managers are in alignment with the Scheme's ESG and Stewardship policies.

The table below provides an indication of the asset manager' overall voting and engagement.

Voting Data

The voting data collated for Scheme is given over the year to 30 June 2022 as data is provided by managers on the basis of calendar quarters.

The voting data provided by Baillie Gifford and State Street is specific for the pooled versions of the Multi-Asset Growth Fund, and the World ESG Equity Index Fund, which the Scheme invests in.

Manager	State Street	Baillie Gifford
Fund name	World ESG Equity Index Sub-Fund	Multi-Asset Growth Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
Number of resolutions the manager was eligible to vote at over the year	21,306	1,164
Percentage of resolutions the manager voted on, for which they were eligible	99.1	83.9%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	0.6%	0.7%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	90.4%	96.2%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	9.6%	3.1%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	8.0%	<i>not applicable*</i>

Source: State Street and Baillie Gifford

*Baillie Gifford do not rely upon the recommendations of proxy advisors. All voting decisions are made in-house in line with Baillie Gifford's voting policy.

There are no voting rights attached to the other assets held by the Scheme, which includes liability driven investment and bonds, therefore no voting information is shown for these assets.

Proxy Voting

A proxy advisor is a company that advises how owners of shares could vote on resolutions at shareholder meetings, and where applicable the proxy advisor can also vote on behalf of the owners of the shares. The below details how each of the Scheme's applicable investment managers utilise a proxy advisor.

Baillie Gifford

Baillie Gifford are aware of recommendations made by their proxy advisors (ISS and Glass Lewis). However, unlike most of their peers, Baillie Gifford do not use proxy advisors to vote on their shares, Baillie Gifford instead analyses all proposals in-house in line with their own Governance & Sustainability Principles, and they endeavour to vote for every one of their holdings in all markets. Therefore, Baillie Gifford cannot provide data on when they have voted contrary to the opinion of the proxy advisor.

State Street

State Street also use proxy advisors, ISS, to facilitate their proxy voting process. As State Street's proxy voting agent, ISS provides them with vote execution and administration services. They also apply State Street's Proxy Voting Guidelines where appropriate. ISS also provides State Street with the research and analysis related to general corporate governance issues.

Significant votes

The Trustees have delegated to the investment managers to define what a “significant vote” is. A summary of the data they have provided is set out below.

State Street, MPF World ESG Equity Index Sub-Fund

In determining significant votes, State Street identifies “significant votes” for the purposes of Shareholder Rights Directive II as follows:

- › All votes on environmental related shareholder proposals.
- › All votes on compensation proposals where State Street voted against the company management’s recommendation.
- › All against votes on the re-election of board members due to poor ESG performance of their companies.
- › All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies.
- › All against votes on the re-election of board members due to a lack of gender diversity on board.

We have provided some detailed examples of significant votes that State Street have provided for ease of reporting. However, if you would like to review further significant votes this information can be found online.

https://www.ssga.com/uk/en_gb/intermediary/ic/capabilities/esg/asset-stewardship/asset-stewardship-report-library

	Vote 1	Vote 2	Vote 3
Company name	BP Plc	Apple Inc.	The Bank of Nova Scotia
Date of vote	12 May 2022	4 March 2022	5 April 2022
Approximate size of fund’s holding as at the date of the vote (as % of portfolio)	0.17%	2.86%	0.21%
Summary of the resolution	GHG Emissions (shareholder proposal)	Advisory Vote to Ratify Named Executive Officers’ Compensation	Establish Environmental/Social Issue Board Committee (shareholder proposal)
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	State Street do not publicly communicate their vote in advance.		
Rationale for the voting decision	This proposal does not merit support as the company’s disclosure and/or practices related to GHG emissions are reasonable.	This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	This item does not merit support due to concerns with the terms of the proposal.

	Vote 1	Vote 2	Vote 3
Outcome of the vote	85% of shareholders voted against this resolution. The resolution therefore did not pass.	36% of shareholders voted against this resolution. The resolution therefore passed.	91% of shareholders voted against this resolution. The resolution therefore did not pass.
Implications of the outcome	Where appropriate State Street will contact the company to explain voting rationale and conduct further engagement.		
Criteria on which the vote is considered "significant"	The vote was an environmental related shareholder proposal, it therefore fits the criteria of a significant vote as outlined above.	The vote was a compensation related proposal, it therefore fits the criteria of a significant vote as outlined above.	The vote was an environmental and social related shareholder proposal, it therefore fits the criteria of a significant vote as outlined above.

Source: State Street

Baillie Gifford, Multi-Asset Growth Fund

In determining significant votes, Baillie Gifford considers the following criteria:

- › Whether Baillie Gifford's holding has a material impact on the outcome of the vote;
- › The resolution received 20% or more opposition, and Baillie Gifford also opposed;
- › Egregious remuneration;
- › Controversial equity issuance;
- › Shareholder resolutions that Baillie Gifford supported, and the resolution received 20% or more support from shareholders;
- › Where there has been a significant audit failing; and
- › Where Baillie Gifford have opposed: mergers and acquisitions, financial statements, and/or the election of directors and executives.

We have summarised some detailed examples of significant votes that Baillie Gifford have provided, in line with the above criteria, for ease of reporting. However, if you would like to review further significant votes this information can be found online.

<https://www.bailliegifford.com/en/uk/institutional-investor/esg/>

	Vote 1	Vote 2	Vote 3
Company name	Galaxy Entertainment Group Ltd	Jc Decaux SA	Lyft, Inc.
Date of vote	12 May 2022	11 May 2022	16 June 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.06%	0.23%	0.04%
Summary of the resolution	Amendment of Share Capital	Approve remuneration report	Shareholder Resolution - Social
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their	No	No	No

	Vote 1	Vote 2	Vote 3
intent to the company ahead of the vote?			
Rationale for the voting decision	Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	Baillie Gifford opposed five resolutions to approve executive compensation due to concerns over the lack of a clear link between pay and performance.	Baillie Gifford supported a shareholder proposal requesting further reporting on lobbying activities as they believe the company can make further improvements in this area.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	Baillie Gifford opposed similar resolutions in previous years and will continue to advise the company of their concerns and seek to obtain proposals that they can support.	Baillie Gifford reached out to the Company after voting to confirm their decision to oppose pay due to a lack of transparency and a seemingly high degree of discretion. They have offered the Company to engage with them prior to the next AGM.	In response to the high level of support last year, Lyft has updated its policy on lobbying to add information on board oversight, management governance and a brief trade association policy. It does not meet the oversight and disclosure standard set out by the proponents since it does not provide any information on lobbying expenditures, a list of all trade association memberships and dues or lobbying expenditures made by those associations using Lyft funds. Therefore, Baillie Gifford believes Lyft can go further with disclosures.
Criteria on which the vote is considered "significant"	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because Baillie Gifford opposed remuneration, in line with the criteria for significant votes given above.	This resolution is significant because it received greater than 20% shareholder Support.

Source: Baillie Gifford

There are no voting rights attached to the Scheme's investments with BMO, and therefore no voting data is shown for these assets.

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 activities undertaken by each manager during the year under review for the relevant funds.

Manager	State Street	Baillie Gifford	Columbia Threadneedle (BMO)
Fund name	ESG-focussed index tracking equities: World ESG Equity Index Sub-Fund	Diversified Growth: Multi-Asset Growth Fund	Global Bonds and LDI: Global Absolute Return Bond Fund and LDI Funds
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Number of engagements undertaken at a firm level in the year	938 engagements**	1,323 engagements*	1,897 engagements with 1,158 companies*

Source: State Street, Baillie Gifford and BMO

*Data provided over the year to 30 June 2022

**Data provided over the year to 31 March 2022

Manager and Fund	Engagement themes and examples of engagements undertaken with holdings in the Fund
State Street MPF World ESG Equity Index Sub-Fund	<p>Company: BHP Group Plc & BHP Group Ltd</p> <p>On 17 August 2021, BHP Group announced its intention to collapse its 20-year-old dual listed company structure ("DLC"). The proposed unification plan will see the two parent companies BHP Group Plc, listed on the London Stock Exchange (LSE) and BHP Group Limited, listed on the Australian Stock Exchange (ASX), combined into a single company incorporated in Australia with a primary listing on the ASX. The unification will involve an exchange of Plc shares for Limited shares on a one-for-one basis resulting in Limited becoming the sole parent company of the BHP Group. The company will have a standard listing on the LSE and will drop out of the FTSE100 index.</p> <p>In January 2022, State Street's Asset Stewardship team met with the Chief Executive Officer to further understand the company's rationale for unification and advocate for a corporate structure that provided the most long-term value to investors. On 20 January 2022, both BHP Group Plc & BHP Group Ltd held shareholder meetings to approve the unification. State Street along with around 96% of both UK and Australian shareholders voted in support of the unification.</p>
Baillie Gifford Multi-Asset Growth Fund	<p>Enel SpA</p> <p>Enel is a client of Siemens Gamesa Renewable Energy (SGRE). SGRE develops, constructs, and sells wind power turbines and wind farms to clients around the world. Sustainalytics reports that SGRE has not provided sufficient evidence that the local Saharawi people were consulted about wind turbine projects in the Western Sahara several years ago. Interestingly, Enel – which built and now operates the facility – had not been flagged. So, on 8 September 2021, Baillie Gifford met with Enel's Head of Investor Relations and wider team to hear their perspective and to find out more about the company's indigenous group consultation policy, processes, and stakeholder grievance procedures. Baillie Gifford also engaged with SGRE on the same issue.</p> <p>During their meeting, Enel explained the historic allegations in detail, confirmed to Baillie Gifford that there is no international law requiring companies not to do business in Western Sahara and outlined the main issues that it is attentive to and active in addressing today. These include the company's social licence to operate, the training and hiring of local people, and ensuring that direct and indirect stakeholders are granted access to the energy generated. The immediate concern is that the territory is occupied by Moroccan authorities so land could be</p>

exploited; we were reassured that this is not the case and that the beneficiaries of the projects in question are local people. The aim of stakeholder consultation is to identify the main concerns of local people which Enel found to be that they would not be skilled enough to be employed in wind farm construction. As a result, Enel established a sustainable construction site model which includes an employment and skills training plan and 70 per cent of people employed in the current project under development are from the local population.

Company: KBR, Industrials, USA

Columbia Threadneedle representatives from fundamental equity and responsible investment research met with KBR's President of Technology to learn more about potential opportunities related to KBR's equity investment and joint venture with Mura, a provider of chemical recycling technology for mixed plastic waste.

**Columbia
Threadneedle
(BMO)**

Global Absolute
Return Bond Fund
and LDI funds

Mura's chemical recycling technology uses supercritical water and is done at a lower temperature than traditional pyrolysis, resulting in lower energy intensity while achieving higher yields. This reduces the greenhouse gas emissions associated with chemical recycling. The first facility is being developed in 2022 in the UK, with active discussions with petrochemical companies on potential opportunities to co-locate future plants at their facilities. This would provide recycled feedstocks to existing petrochemical infrastructure, enabling more recycled plastic production.

Columbia Threadneedle evaluated the new joint venture as part of the investment case and are monitoring developments and the possible upside the recycling technology may provide.

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 investment 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 investment managers to provide additional information in the future, including where indicated above, in order to enhance their ability to assess the investment managers' actions.

**Prepared by the Trustees of the UCAS Pension and Life Assurance Scheme (1993)
November 2022**