

Implementation Statement

UCAS Pension and Life Assurance Scheme (1993)

Scheme year end 31 July 2023

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 2023. 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 2023.

Stewardship policy

The Trustees Statement of Investment Principles (SIP) in force at 31 July 2023 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in April 2023 and has been made available online here:

<https://www.ucas.com/file/711471/download?token=-lSXwyNF>

At this time, the Trustees have not set stewardship priorities or themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

The Trustees invest through pooled investment vehicles, and stewardship responsibilities are delegated to the investment managers. Given this, and the fact that the Scheme's assets represent a relatively small proportion of the total assets invested in those vehicles, the Trustees believe that setting stewardship priorities and engaging with managers on them is unlikely to have a material impact on financial outcomes for the Scheme. The Trustees believe that the fund selection and the general approach to stewardship used within those funds is likely to be more material to financial outcomes than engagement with the investment managers on the Trustees' own stewardship priorities.

The Trustees understand that they are therefore constrained by the policies of the managers. However, the Trustees take stewardship and ESG factors into account as part of manager/fund selection and monitor these characteristics with the assistance of their investment consultant.

One such example of this is the manager selection post year end, whereby the Trustees decided to invest in two sustainably tilted funds. The Trustees also review the stewardship and engagement activities of the investment managers annually.

The Trustees also have an objective to exclude or otherwise minimize exposure to the following industries: armaments, tobacco, gambling and pornography. The level of exposure to these industries is regularly assessed and recorded in the Scheme’s Statement of Investment Principles.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme’s investment managers, the Trustees believe that their policies on voting and engagement have been met in the following way:

- At the Scheme year-end, the Scheme’s investment managers were Columbia Threadneedle, 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.
- Periodically, the Trustees receive and review fund exposure to their chosen exclusions in line with the Scheme’s stewardship policy. When updating the SIP in November 2022 and subsequently in April 2023, the Trustees were satisfied with their approach to exclude armaments, tobacco, gambling, and pornography. They are also satisfied that the exposure the managers have to these areas industries is sufficiently low and does not require further intervention.

Voting Data

The voting data collated for Scheme is given over the year to 30 June 2023 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	21,455	594
Percentage of resolutions the manager voted on, for which they were eligible	99.5%	96.3%

Manager	State Street	Baillie Gifford
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	0.3%	1.1%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	91.5%	96.5%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	8.5%	2.5%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	7.1%	<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 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 change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities or themes for the Scheme, but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

For this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy. In the future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities or themes.

State Street and Baillie Gifford provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities or themes, the Trustees have selected 3 votes, covering a range of themes to represent the most significant votes cast on behalf of the Scheme.

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	Microsoft Corporation	Amazon.com, Inc.	Tesla, Inc.
Date of vote	13 December 2022	24 May 2023	4 August 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.15%	1.87%	0.92%
Summary of the resolution	Assess and report on the company's retirement funds' management of systemic climate risk	Commission a third-party audit on working conditions	Report on water risk exposure
How the manager voted	Against	For	For
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	The company's disclosures related to facility safety are	This proposal merits support as the company's environmental

	Vote 1	Vote 2	Vote 3
	disclosure and/or practices related to climate change are reasonable.	broadly in line with market standard, but could be enhanced.	disclosure and/or practices can be improved.
Outcome of the vote	89% of shareholders voted against this resolution. The resolution therefore did not pass.	64% of shareholders voted against this resolution. The resolution therefore did not pass.	64% 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 an environmental and social related proposal, it therefore fits the criteria of a significant vote as outlined above.	The vote was an environmental 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.
- › Where they have identified material 'E' 'S' or 'G' issues that result in Baillie Gifford opposing management.

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	Prysmian S.P.A.	Duke Realty Corporation	Nextera Energy, Inc.
Date of vote	19 April 2023	28 September 2022	18 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.44%	0.88%	0.07%
Summary of the resolution	Approve remuneration report	Approve proposal on executive pay frequency	Shareholder Resolution - Governance

	Vote 1	Vote 2	Vote 3
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	No
Rationale for the voting decision	<p>Baillie Gifford opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the long-term incentive award. They believed the use of discretion should be carefully evaluated and used to support and prioritise the long-term prospects of the business. Baillie Gifford were not convinced that this use of discretion meets that bar.</p>	<p>Baillie Gifford opposed the advisory proposal to approve executive compensation to be paid in connection with the company merger due to concerns regarding single trigger provisions and the introduction of excise tax gross-ups in connection with severance payments.</p>	<p>Baillie Gifford supported a shareholder resolution requesting a board diversity and qualifications matrix because they believed that shareholders would benefit from individualised information on the skills and qualifications of directors, as well as disclosure on climate-related skills and qualifications.</p>
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	<p>Baillie Gifford have communicated their rationale for voting against the remuneration report. They supported the forward-looking remuneration policy at the meeting, and anticipate supporting the remuneration report next year, but will continue to monitor for further use of discretion.</p>	<p>While Baillie Gifford were supportive of the proposed merger with Prologis, they were uncomfortable with the compensation arrangements planned for Duke Realty NEOs in connection with the merger and therefore opposed this resolution, which ultimately received 91.64% dissent from shareholders. Baillie Gifford unsuccessfully attempted to engage the company on its approach to compensation at this year's AGM and will continue our efforts to do so going forward.</p>	<p>Baillie Gifford communicated their decision to support the shareholder resolution with the company, and explained their rationale for doing so. They will monitor for any similar disclosure the company may choose to institute, as although the resolution failed to secure enough support to pass, it did receive support from more than 48% of shareholders.</p>
Criteria on which the vote is considered "significant"	<p>This resolution is significant because it received greater than 20% opposition.</p>	<p>This resolution is significant because it received greater than 20% opposition.</p>	<p>This resolution is significant because it was submitted by shareholders and received greater than 20% support.</p>

Source: Baillie Gifford

There are no voting rights attached to the Scheme's investments with Columbia Threadneedle, 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. Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	State Street	Baillie Gifford	Columbia Threadneedle
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	980 engagements*	518 engagements*	1,763 engagements with 992 companies*

Source: State Street, Baillie Gifford and Columbia Threadneedle

*Data provided over the year to 30 June 2023

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: Berkeley Group Holdings Plc</p> <p>Berkeley sought shareholder approval for a new executive remuneration policy in 2022. State Street first engaged with the Chairman of Berkeley's Remuneration Committee in early July, when State Street communicated the following concerns:</p> <ul style="list-style-type: none"> • Lack of a compelling rationale for the introduction of both the restricted share plan (RSP) and the stock option plan • High overall pay opportunity under the stock option plan • Necessity to implement an RSP, i.e. quasi-guaranteed pay, alongside a stock option plan under which significant awards would be granted to plan participants • Vague disclosure on the ESG underpin in the RSP <p>When the meeting materials were published ahead of the AGM, State Street also noted a provision in both the stock option plan and the RSP that in the event of a change in control, outstanding awards will vest in full immediately and the Remuneration Committee would have no discretion to determine otherwise.</p> <p>The outcome of this engagement was that Berkeley issued an announcement to inform shareholders that it had amended the change of control provision in respect to both plans. The Remuneration Committee decided to "incorporate a default position on a change of control of time apportionment for both plans." The Remuneration Committee retained "discretion to disapply this pro-rating depending on the circumstances of the change of control to ensure fair outcomes." While the amendment was a positive outcome, State Street ultimately voted against the new remuneration policy and the two plans in light of the persisting concerns discussed above. The engagement and subsequent responsiveness was a partial success and State Street will continue to work with the company to address the other elements of concern in the remuneration structure.</p>
Baillie Gifford Multi-Asset Growth Fund	<p>Company: Iberdrola, S.A.</p> <p>Iberdrola had been set as an engagement priority due to being a top five contributor to portfolio carbon emissions, a number of environmental controversies having been identified and historical concerns remaining regarding relations with indigenous communities related to a Brazilian dam project. The purpose of this meeting was to gain</p>

insight into how the company monitors and manages sustainability risk and advise the company of our expectations regarding management of such risks.

This meeting covered various governance, social and environmental topics. First, Baillie Gifford discussed the critical aspects of its sustainability report and the group's risk management approach. Their controversy monitoring made them aware of a number of contentious issues in Mexico relating to the environmental impact of operations. This conversation helped Baillie Gifford to understand the challenges faced by the company in this environment with them highlighting that the concerns raised were driven by political challenges in the country. They found it reassuring to hear that the Mexican regulator has suspended its 'self-supply' fine. Strategically, the group are looking to reallocate CAPEX to other countries but has no plans to exit Mexico. The company has recently decreased its ambition for renewable energy source capacity. Baillie Gifford were able to gauge the company's continued commitment to electrification. Its capital allocation plans remain similar, but it claims it will be more selective in its renewable investments.

Company: Tesco, Retail, UK

Tesco is a significant holding and CT have had an ongoing engagement with the company on a range of sustainability issues. Earlier in 2022 they identified Tesco as having relatively weak disclosure on nature relative to its risk exposure on the theme. CT had a small group meeting with the Head of Environment and Sustainable Agriculture in December 2022 on developments related to Tesco's nature strategy. Some things that CT learnt through this engagement can be seen as follows:

- Nature and biodiversity are emerging themes that Tesco's is currently developing within its work. They are funding and piloting a location-based mapping tool with the WWF for nature to provide insight into the nature risk among suppliers (water scarcity, soil degradation etc.)
- Commodity traceability on deforestation is work in progress given the opacity of supply chains and regulatory challenges between regions. Soy has been the company's biggest exposure to deforestation, and currently only a small volume is fully traceable. Tesco is currently pursuing multiple avenues to improve supply.
- Tesco is among the first to pilot reporting on the Taskforce on Nature-related Financial Disclosures.

CT were reassured as to the depth of Tesco's approach to nature in operations and in its supply chain, including innovative supplier mapping work with WWF. In CT's view, further effort to reduce sourcing impacts will build on Tesco's leadership on demand related aspects such as food waste and sales of plant-based products. Traceability remains a challenge, particularly for key commodities such as soy. CT will continue to monitor progress on this at Tesco and across the sector in light of the incoming EU legislation.

**Columbia
Threadneedle(CT)**
Global Absolute
Return Bond Fund
and LDI funds

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)
December 2023**