Implementation Statement

UCAS Pension and Life Assurance Scheme (1993)

Scheme year end 31 July 2021

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 2021. 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 2021.

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: 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 2021.

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	21,733	1,296
Percentage of resolutions the manager voted on, for which they were eligible	99.5%	98.2%
Percentage of resolutions the manager *abstained* from, as a percentage of the total number of resolutions voted on	0.4%	1.0%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	90.6%	94.3%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on	9.4%	4.7%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	7.8%	*Data not provided*

Source: State Street and Baillie Gifford

There are no voting rights attached to the other assets held by the Scheme, which include 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 a majority 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 every one of their holdings in all markets. This is why 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 State Street with vote execution and administration services. They also apply State Street's Proxy Voting Guidelines where appropriate. ISS also provide 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	Bank of Montreal	Hermes International SCA	The Procter & Gamble Company
Date of vote	7 April 2021	4 May 2021	13 October 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.19%	0.07%	1.04%
Summary of the resolution	Climate Change Action (Shareholder proposal)	Approve Remuneration Policy	Environmental Impact
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?	State Street do not publically communicate their vote in advance.		
Rationale for the voting decision	This proposal did not merit State Street's support as the company's disclosure and/or practices related to climate change were already reasonable.	This item did not merit support as State Street had concerns with the proposed remuneration structure for senior executives at the company.	This proposal merited support as the company's environmental disclosure and/or practices can be improved.

	Vote 1	Vote 2	Vote 3
Outcome of the vote	81% of shareholders voted against this resolution. The resolution therefore did not pass.	6% of shareholders voted against this resolution. The resolution therefore passed.	68% of shareholders voted in favour of this resolution. The resolution therefore passed.
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 proposal where it was recommended by management that State Street voted in favour of. Because State Street voted against this proposal it 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 takes into account 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.baillliegifford.com/en/uk/institutional-investor/esg/

	Vote 1	Vote 2	Vote 3
Company name	Edistion Property Investment Company	Rio Tinto PLC	Vonovia SE
Date of vote	23 February 2021	9 April 2021	16 April 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.6%	3.68%	12.17%
Summary of the resolution	Approve Remuneration Policy	Approve Remuneration Report	Amendment of share capital
How the manager voted	Against	Against	Against

	Vote 1	Vote 2	Vote 3
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	Yes
Rationale for the voting decision	Baillie Gifford opposed this resolution to approve the remuneration policy because they were concerned that an additional fee proposed for the Senior Independent Director could impact his independence.	Baillie Gifford opposed the remuneration report as they did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards.	Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	Baillie Gifford engaged with the company on the issue and will continue taking voting action in relation to the issue if concerns remain.	Following the submission of their vote, Baillie Gifford engaged with the company and while they did not support the backwards looking remuneration report, they supported the forward looking remuneration policy.	Baillie Gifford contacted the company ahead of their AGM to see if they could provide an assurance they would not issue shares below Net Tangible Asset (NTA). The company could not provide that assurance, Baillie Gifford therefore did not support the two equity issuance resolutions.
Criteria on which the vote is considered "significant"	This resolution is significant because Baillie Gifford opposed remuneration, in line with the criteria for significant votes given above.	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 opposition.

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	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

Manager	State Street	Baillie Gifford	BMO
Number of engagements undertaken at a firm level in the year*	767 engagements	3,030 engagements	1,650 engagements with 775 companies

Source: State Street, Baillie Gifford and BMO
*Data provided over the year to 30 June 2021

Manager and Fund	Engagement themes and examples of engagements undertaken with holdings in the Fund
State Street MPF World ESG Equity Index Sub-Fund	**Company: Rio Tinto Limited** In the first quarter of 2021, State Street engaged with the Chair of the Board and the Senior Independent Director of Rio Tinto to express their concerns over the exit package of the former CEO who had stepped down over the destruction of an aboriginal heritage site in Juukan Gorge in Western Australia as part of an iron ore mine expansion. Even though the Remuneration Committee applied a malus provision to the former CEO's 2020 long-term incentive award, reducing the vesting outcome by £1m, and the forfeiting of his 2020 bonus, in State Street's view the exit package (circa £27m) was still excessive given the gravity of the events at Juukan Gorge in 2020. State Street believe that there is a case for a more robust application of the malus provisions for unvested awards granted from 2018 onwards. Consequently, as no action was taken by the Remuneration Committee to address State Street's concerns, they voted against the company's non-binding remuneration report resolution. The remuneration report was subsequently rejected at the company's AGMs in London and Sydney with more than 60% of the votes cast against this proposal.
Baillie Gifford Multi-Asset Growth Fund	**Company: Greencoat UK Wind PLC** Greencoat UK Wind specialises in renewables infrastructure investments in onshore and offshore wind farms. Baillie Gifford engaged with Greencoat UK Wind PLC in February 2021 to discuss the board's approach to valuation assumptions and to understand the extent to which the board engages with and challenges the investment manager and portfolio operator's carbon footprint. With regard to valuation assumptions, the company explained that because they use consistent and conservative power price assumptions, the expected level of dividend can be delivered to shareholders, even during periods of low wind generation and difficult market conditions resulting from the Covid-19 pandemic. The company also explained that in the upcoming annual report the fund will report for the first time in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and set out the fund's thinking about its road to net zero. Baillie Gifford hope to see improvements to the board's oversight of Greencoat Capital's management of the portfolio's operational carbon performance. Baillie Gifford regard the commitment to disclose at fund level and to align carbon reporting to the TCFD recommendations as a promising step forward.
BMO Global Absolute Return Bond Fund and LDI funds	**Company: Credit Suisse Group AG** Engagement with Credit Suisse Group AG to develop a climate change risk management strategy and report according to TCFD (Task Force on Climate-Related Financial Disclosures) recommendations. There were 4 engagement interactions between 2019 and March 2021 (including two meetings), plus 3 engagement interactions in April 2021. As a result, Credit Suisse improved its TCFD report, net zero commitment, and climate-related governance, specifically publication of the banks climate alignment test. BMO see this as a major step for the bank that has historically lagged its Swiss and international peers on climate risk reporting Next steps will see BMO pushing for a stronger strategy to exit coal and other fossil fuel financing.

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)
October 2021