Engagement Policy Implementation Statement

Introduction

This Statement sets out the actions undertaken by the Trustee, its service providers, including the Trustee's Investment Consultant (Aon Solutions UK Limited) and the investment managers, to implement the policies as set out in the Plan's Statement of Investment Principles (SIP). This Statement includes voting and engagement information that has been gathered from the investment managers by Aon on the Trustee's behalf.

The Plan's Investment Sub-Committee (ISC) is generally responsible for investment matters, including the maintenance of the SIP. Other than those directly relating to the annual Trustee report and accounts, the ISC is responsible for investment matters and takes investment advice from the Investment Consultant.

This Statement covers activities over the period from 1 August 2019 to 31 July 2020. Not all investment managers shared information directly relating to the specific period covering the Plan's financial year, and so the Trustee has used the information as has been provided. For most investment managers, a combination of information covering the entire 2019 calendar year, plus the first half of 2020, has been used.

The Plan's stewardship policy

The relevant extract of the SIP (as at Plan financial year-end 31 July 2020) covering the Plan's voting and engagement policy is as follows:

The Trustee Directors take an active interest in the exercise of voting and other attaching rights of the investments held on their behalf by its equity investment managers. It is recognised that good corporate governance creates a framework within which a company can be managed in the long-term interests of its shareholders. In consultation with Aon and the investment managers the following policy has been formulated, which the investment managers have been instructed to implement.

- *Use voting rights to support proposals that they expect to enhance shareholder value.*
- *Use voting rights to oppose proposals that they believe may damage shareholders rights or economic interests.*
- *Abstain from proposals that have no impact on shareholder value and pose no threat to shareholders' interests.*

The Trustee Directors keep the policy on corporate governance under review and will have it updated based on the advice received from the Scheme Actuary, Investment Consultant and investment managers.

Throughout this Statement, the Trustee reviews how the actions of the Plan's investment managers have aligned with the expectations and principles set out in the SIP. The Trustee recognises that stewardship remains important outside equity investments and has reviewed the stewardship policies of all the Plan's investment managers.

Changes to the SIP over the period

The Plan's SIP was updated over the period in August 2019, adding the Trustee's agreed Environmental, Social, and Governance (ESG) policy. The SIP was subsequently updated in November 2019 to reflect a transition within the Plan's investment strategy from UK to global equities. Following this change, the SIP remained in place without change over the remainder of the financial year to 31 July 2020.

After 31 July 2020

In addition to the changes noted above, the SIP was updated again in September 2020 to take account of further regulatory changes which required an expansion of the SIP for policies on cost transparency and how investment managers are incentivised. The ISC outlined their policies on how investment managers are incentivised to achieve their long-term objectives, their policies on cost transparency, their policies on voting and stewardship and how their policies align with that of the University (the sponsoring employer) in relation to sustainability.

Plan activity over the year

Training

Over the year, the ISC had responsible investment (RI) training sessions with its Investment Consultant which provided the ISC with updates on the evolving regulatory requirements and the importance of stewardship activity and appropriate consideration of ESG factors in investment decision making.

Beliefs survey

As part of the training delivered by the Investment Consultant, the Trustee conducted an exercise to gather its collective views on responsible investment and cost transparency. This exercise enabled the Trustee to extend its policies on responsible investment – as set out in the Plan's SIP – and formulate a policy on cost transparency and how investment managers are incentivised. A University representative completed the survey alongside the Trustee to allow the Trustee to consider the University's views on these matters in formulating its policies. This exercise was conducted over July and August 2020.

Ongoing monitoring

The ISC receives regular investment updates from its Investment Consultant, including on matters relating to responsible investment. The ISC's ongoing monitoring takes different forms, including investment performance monitoring, ad-hoc market updates and annual investment risk disclosures.

Investment performance monitoring

The ISC receives, typically on a quarterly basis, monitoring reports from its Investment Consultant outlining the valuation of all investments held, the performance of these investments and any transactions made during the quarter. Investment returns are compared against appropriate performance objectives to monitor the relative performance of these investments. The asset allocation is also monitored and compared to the strategic asset allocation for the Plan and the Trustee's collateral management framework.

Over the period, the ISC initiated an exercise to collect cost data from the Plan's investment managers. Using the capabilities of a third party (ClearGlass), the ISC began collecting detailed information relating to explicit and implicit investment manager costs incurred by the Plan in line with the Cost Transparency Initiative (CTI) templates. Using this data, the ISC will be able to better understand the costs incurred by, and paid to, its investment managers.

Investment risk disclosures

The Trustee reports on the risks associated with its investments annually in the investment risk disclosure report which accompanies the annual report and accounts. In this report, the Trustee monitors the risks associated within the Plan's defined benefit investments, concentrating on market risks, credit risk, interest rate risk, inflation risk and others.

Voting and engagement: equities

Over the year the Plan was invested in the following equity funds:

Investment manager	Investment fund
C Worldwide Asset Management	Global Equity Fund – Ethical
Ninety One	4 Factor Global Dynamic Equity
Majedie Asset Management	UK Equity Fund*

*The Plan divested from this Fund during the year, so it has been excluded from this statement on the grounds of materiality.

The Trustee considers a significant vote broadly as a vote that was contentious that had more than 15% against management.

C Worldwide Asset Management Global Equities Ethical Fund (C Worldwide)

The Principles for Responsible Investment ("PRI") is the world's leading proponent of ESG and a global standard setter for better practice. C Worldwide has been a PRI signatory since 2012.

C Worldwide is not a signatory to the UK Stewardship Code. As a Danish domiciled and regulated investment manager, C Worldwide is subject to EU regulations on disclosures in relation to the Shareholders Rights Directive. This commits all investment firms in EU member states to report and disclose information on how they work and incorporate ESG, engagement, and proxy voting in relation to investee companies. As such, although C Worldwide do not report specifically on the UK 2020 Code, its stewardship approach is aligned with the intent of the Code's stewardship standards.

Summary voting statistics

The following table comprises the voting statistics provided by C Worldwide, specific to the Global Equities Ethical Fund invested in by the Plan. The statistics provided match the Plan's financial year and are from 1 August 2019 to 31 July 2020.

Number of resolutions eligible to vote over the period	**478**
% of resolutions voted (of those eligible)	**100%**

% of votes against management (of those voted on)	**5%**
% of votes abstained (of those voted on)	**0%**
% of resolutions voted contrary to proxy adviser recommendation	**8%**

Voting policy summary

C Worldwide employs the services of proxy voting provider Institutional Shareholder Services (ISS). In practice this means that C Worldwide receive notice of all ballots in the investee companies, as well as research and vote recommendations reflecting C Worldwide's voting policy directions from the proxy voting service provider. C Worldwide utilises proxy voting to emphasise the topics discussed with the investee companies in its ongoing engagement with them and to vote on key issues important to the governance of the investee companies.

C Worldwide's proxy voting procedures incorporate the recommendations received from ISS, and C Worldwide will generally vote in line with these recommendations. However, the portfolio managers may occasionally disagree with the voting recommendations if they are not aligned with the portfolio managers' in-depth knowledge of an investee company and its management.

In addition to input from ISS, C Worldwide's voting decisions incorporate its own company analysis and research, external sell-side research and analytical input from an external engagement research service provider.

C Worldwide generally does not consult with management of investee companies prior to voting. If the Plan has certain requirements to the mandate in which C Worldwide manage, C Worldwide can act upon such if notified prior to voting.

Engagement summary

C Worldwide is committed to encouraging sustainable business behaviour in investee companies. As such, C Worldwide monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure and ESG factors.

Engagement with investee companies is implemented by the portfolio management teams and does not begin or end with purchase of a stock. C Worldwide's engagement with investee companies is continuous and is supported by ongoing monitoring.

C Worldwide engages with the management of investee companies either directly through meetings or collectively with other investors through a third-party engagement service provider with global coverage. This approach gives C Worldwide access to highly qualified specialists with a strong network.

Engagement example

In May 2019, C Worldwide engaged with ExxonMobil over increased disclosure and transparency and willingness to be part of the global energy transition.

The increased level of pressure on the fossil fuel industry leading to potential increase in the cost of capital for the industry, coupled with the view that ExxonMobil has been less inclined to be part of the solution and engage with stakeholders on climate change and the global energy transition, resulted in C Worldwide divesting from ExxonMobil.

Ninety One Global Dynamic Equity Fund (Ninety One)

Ninety One has been a PRI signatory since 2008 and a UK Stewardship Code signatory since 2010.

Summary voting statistics

The following table comprises the voting statistics provided by Ninety One, specific to the Global Dynamic Equity Fund invested in by the Plan. The statistics provided are from 1 July 2019 to 30 June 2020.

Number of resolutions eligible to vote over the period	**700**
% of resolutions voted (of those eligible)	**88%**
% of votes against management (of those voted on)	**8%**
% of votes abstained (of those voted on)	**1%**
% of resolutions voted contrary to proxy adviser recommendation	**1%**

Voting policy summary

Ninety One employs the services of proxy voting provider ISS. Ninety One then take these into consideration when deciding the best interest of shareholders, which may differ from ISS recommendations.

Significant vote example

Ninety One voted against a shareholder proposal in 2019. The proposal was for the remuneration of the Directors and/or committee members of MMC Norilsk Nickel PJSC, a mining company. Ninety One felt there was a lack of alignment between pay and performance in this resolution and voted against management in this instance.

Engagement summary

Ninety One engage to gain insights into ESG and encourage issuers to participate in ESG initiatives, such as enhancing disclosure and best practice governance activity. All engagements are conducted by internal Ninety One staff. Ninety One prioritises engagements based on the potential materiality of ESG factors as well as exposure to ESG risks. Engagements can be conducted pre-investment and post-investment.

Ninety One's global engagement policy is driven by a clear purpose to preserve and grow the real value of the assets entrusted to Ninety One by clients over the long term. Ninety One seeks to ensure company boards focus on creating and preserving sustainable value. Investing client capital in an uncertain future requires each investment team to include governance as part of its fundamental analysis. A low level of governance comfort requires engagement to justify investment.

Engagement example

Ninety One has engaged with Samsung regularly since 2015 with the aim of making Samsung more accountable to all stakeholders, because the business has historically had poor standards of corporate governance and shareholder return. Ninety One believes it has helped encourage Samsung to make substantial progress in areas such as board composition and capital return through share buybacks and dividends.

Engagement with Samsung is ongoing.

Voting and Engagement: Absolute Return

Invesco Perpetual Global Targeted Returns Fund (Invesco)

Invesco has been a PRI signatory since 2013 and a UK Stewardship Code signatory since 2019.

Summary voting statistics

The following table comprising the voting statistics provided by Invesco, is not specific to the Global Targeted Returns Fund invested in by the Plan i.e. it is at a manager level and thus may not be a true reflection of the voting activities taken part on behalf of the Trustee. The statistics provided are from 1 July 2019 to 30 June 2020.

Number of resolutions eligible to vote over the period	**3,385**
% of resolutions voted (of those eligible)	**98%**
% of votes against management (of those voted on)	**5%**
% of votes abstained (of those voted on)	**1%**
% of resolutions voted contrary to proxy adviser recommendation	**3%**

Voting policy summary

Invesco's portfolio managers and analysts review voting items based on their individual merits and retain full discretion on vote execution conducted through Invesco's proprietary proxy voting platform.

Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process at Invesco focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. Voting matters are assessed on a case-by-case basis by Invesco's respective investment professionals considering the unique circumstances affecting companies, regional best practices and Invesco's goal of maximizing long-term value creation for its clients. The voting decision lies with Invesco's asset managers with input and support from its Global ESG team and Proxy Operations functions.

Invesco may supplement its internal research with information from third-parties, such as proxy advisory firms. Globally, Invesco leverages research from ISS and Glass Lewis (GL) and uses the Investment Association IVIS in the UK for research for UK securities. Invesco generally retains full and independent discretion with respect to proxy voting decisions. ISS and GL both provide research reports, including vote recommendations, to Invesco and its portfolio managers and analysts. Invesco also retains ISS to assist with services that include receipt of proxy ballots, vote execution through its proprietary proxy voting platform and vote disclosure in Canada, the UK and Europe to meet regulatory reporting obligations.

Engagement summary

Invesco mirrors six physical securities portfolios of other Invesco funds via segregated sleeves specifically for the Global Targeted Returns Fund. Any engagement is undertaken through the respective teams of the portfolios that Invesco replicates.

Nordea Asset Management Diversified Return Fund (NAM)

NAM has been a PRI signatory since 2007. NAM is not currently a signatory to the UK Stewardship Code and stated in its responses that it intends to become a signatory but did not provide a date as to when this should be expected.

Summary voting statistics

The following table comprises the voting statistics provided by NAM, specific to the Diversified Return Fund invested in by the Plan. The statistics provided are from 1 October 2019 to 30 September 2020.

Number of resolutions eligible to vote over the period	**3,537**
% of resolutions voted (of those eligible)	**39%**
% of votes against management (of those voted on)	**12%**
% of votes abstained (of those voted on)	**0%**
% of resolutions voted contrary to proxy adviser recommendation	**10%**

NAM's decision whether to vote or not, is mainly based on the size of the holding and the ownership level in the specific company. For companies in which NAM has a very limited opportunity to enact changes, or if they are unable to efficiently utilize shareholder rights, NAM might choose not to vote or engage.

While the Plan does not have a formal policy on the minimum acceptable level of asset manager voting frequency, NAM's current voting approach is inconsistent with the Trustee expectations of asset managers and there was a concern that their approach may contribute to sub-optimal voting outcomes.

On behalf of the Trustee, Aon has discussed these concerns with NAM's stewardship team. During the meeting, NAM explained that the reason their voting frequency is low is because of their philosophy to analyse votes on a case by case basis rather than using a generic policy-based approach that may see nuances missed. Having said that, NAM acknowledge the current voting frequency is insufficient and discussed their plans to increase voting frequency while retaining their core philosophy.

Voting policy summary

NAM vote both by proxy and by attending annual general meetings (and extraordinary general meetings when applicable). NAM funds utilise two external advisors, ISS and Nordic Investor Services (NIS).

NAM use ISS for the technical expertise and voting platform, as well as their global reach and analysis. NIS is a Nordic proxy advisor. NAM use these two providers to get a second and third opinion on the issues NAM votes on, both from a global best practice and from a Nordic perspective. The differences between its two proxy service advisers – ISS is a global player with international reach and practices, while NIS is a small niche player – gives NAM a broad palette of input which is very valuable in the evolution of NAM's own Corporate Governance principles. NAM's current advisors have been both advising NAM funds for over a decade. All voting decisions are ultimately taken by NAM funds; external advisors only provide input and second opinion, when prompted.

Engagement summary

At NAM, engagement consists of the traditional forms of engagement, like the exercise of voting rights or entering into a dialogue to encourage companies to improve their management systems, their ESG performance or their reporting as well as specific themes utilising the UN Sustainable Development Goals (SDGs) framework. Thus, NAM distinguish two types of engagement:

1. **Risk engagement**: If a company is not managing its material ESG risks well, the RI team engages with the company on the issue. The ESG risks can be company specific or stem from the country in which the company operates or its industry. Violations of international norms and conventions are also addressed under Risk Engagement.
2. **SDG engagement**: Conducted with a specific focus on companies' exposure to certain themes, which might represent a significant material risk for the company. NAM believes that companies that align their strategies with the UN SDGs will be successful in the long-term, because they are adjusting to global society's future needs.

Engagement: Multi-Asset Credit

M&G Alpha Opportunities (M&G)

M&G has been a PRI signatory since 2013 and a UK Stewardship Code signatory since 2010.

Engagement summary

Throughout 2019, M&G developed its engagement process, adopting the Sustainable Accounting Standards Board (SASB) framework to structure research and engagement activity, allowing M&G to incorporate ESG factors into the investment process for holdings at all stages. Over the past six months, M&G has created a question databank of over 600 sector-specific ESG questions, which identifies key material risks and themes as identified by both SASB and M&G's own internal experience of the effects of ESG factors on credit and equity positions. This includes 250 climate related questions and incorporates the Transition Pathway Initiative and World Economic Forum Climate Governance guidelines to further build M&G's capability to identify financially material risks on a sector by sector basis.

This helps steer M&G's analysts towards asking the right questions of investee companies and ensures that when there is a potentially material risk, it can be identified and acted on in an efficient way. Engagement cases can then be easily prioritised and through M&G's hashtag system analysts across asset classes can monitor material ESG risks across the capital structure. Much of the ESG reporting published by companies is neither mandatory, nor audited, and this will often lead to inconsistencies and gaps across companies within the same sector. Broadly speaking, disclosure tends to be worse as investors move down the market cap and credit rating spectrum, and whilst this doesn't always necessarily reflect a company's ESG credentials (small companies often don't have the resource to produce the ESG reporting), it means that there is often more scope to engage with these companies in a meaningful way. M&G offers a very wide range of strategies, covering the entire rating and market cap spectrum, and therefore engagement must be a structured in a consistent and fair way.

Over the reporting year, M&G only reported on engagement from an equities perspective, but the Corporate Finance and Stewardship team has more recently begun working closely with M&G's Fixed Income teams to understand their engagement activities, participate in ESG-related engagements and help to coordinate engagements across asset classes where appropriate. In 2019, M&G's Fixed Income teams undertook 91 ESG-specific engagements.

BlueBay Total Return Diversified Credit Fund (BlueBay)

BlueBay has been a PRI signatory since 2013. BlueBay is not a signatory to the UK Stewardship Code, because the 2012 Code was not applicable to fixed income managers. With that said, BlueBay supports the principles enshrined within the 2012 Code and plans to become a signatory to the revised 2020 Code.

<u>Engagement summary</u>

Where ESG engagement is deemed necessary, this is prioritised using a risk-based approach. This means BlueBay consider:

- Issuers with the most exposure to significant ESG controversies;
- The exposure to the issuer;
- BlueBay's investment thesis; and
- The ESG ratings and scores of the company overall.

The aim of engagement is to

- Generate additional insights into the issuer's ESG practices which may have investment implications. For instance, in Q1 2020, BlueBay met with representatives from Mexico to hear about their approach to issuing SDG bonds.
- To facilitate change by setting out a request for change/improvement in specific ESG areas. For instance, during 2019, BlueBay engaged with Ukraine on their governance reforms.

Engagement: Other

Columbia Threadneedle Property Unit Trust (Threadneedle)

Threadneedle has been a PRI signatory since 2006 and a UK Stewardship Code signatory since 2010.

Engagement summary

The Trust directly invests in properties rather than companies, therefore information regarding voting is not directly relevant.

Threadneedle were awarded an A rating in 2019 by the PRI for its progress in responsible investment. Threadneedle have a five-step process towards ensuring they manage their real estate portfolios responsibly. This includes:

- Carrying out due diligence when properties are being considered for acquisition;
- Seeking to improve energy & water efficiency, waste management and other sustainable practices in the properties;
- Refurbishing with high sustainability standards;
- Continuously manage properties with sustainability objectives in mind; and
- Ensuring portfolios undergo risk and governance controls.

Regarding the Trust specifically, Threadneedle engages with all stakeholders involved in the property investments to monitor the sustainability of the portfolio. This includes tenants, suppliers, participant's workforce and the local community. For example, Threadneedle provide questionnaires to their key suppliers about their approach to corporate responsibilities and highlight the need for UK suppliers to comply with the Modern Slavery Act.

Global Infrastructure Partners (GIP)

GIP is an infrastructure investment which directly invests in infrastructure projects rather than companies, therefore information regarding voting is not directly relevant.

With that said, GIP recognises that it has a responsibility to align its investment approach with core ESG principles across the life cycle of an investment. Pre-acquisition, GIP conducts a rigorous ESG risk assessment of each investment. Due diligence also involves an assessment of risks and opportunities, with the help of third parties in some cases, with GIP's Investment Committee reviewing all decisions. For each ESG factor, GIP carries out a materiality assessment, asks questions of performance expectations and benchmarks against wider sectors. During ownership, GIP implements, monitors and reviews all ESG recommendations and firmly believes that applying ESG principles to all stages of its process drives sustainable returns, allows for better risk management and generates positive impact.

GIP is a signatory to the PRI and has a formal ESG policy.

Insight Investment Management (Insight)

The Plan is invested in a Liability Driven Investment (LDI) portfolio with Insight. The purpose of the LDI portfolio is to provide protection against changes in interest rates and inflation expectations by ensuring that movements in the Plan's liabilities are broadly matched by a proportionate change in these assets.

In addition to the LDI funds, the Plan also invests in two liquidity funds with Insight, namely the Liquid ABS Fund and the ILF Liquidity Fund. These two mandates aim to provide a small investment return above cash whilst preserving capital with high liquidity and form part of the Plan's LDI collateral framework.

The Trustee recognises that the ability to engage with companies on their behalf through LDI and liquidity investments is limited due to the nature of these assets and their associated investment mandates.

Conclusion

The Trustee recognises that it has a responsibility as an institutional investor and asset owner to encourage and promote high standards of stewardship in relation to the assets that the Plan invests in.

Overall, the Trustee believes the stewardship carried out on behalf of the Plan is appropriate. The Trustee acknowledges that stewardship may be less well developed in certain asset classes, especially in the fixed income space, but generally would still expect to see responsible investment policies and processes formalised and developed over time.

The Trustee will continue to use its influence to drive positive behaviour and change among the investment managers that it has employed to invest the assets of the Plan, and with other third parties that the Trustee relies on, such as its Investment Consultant. The Trustee will monitor, assess and ultimately hold them to account to ensure that the assets of the Plan are appropriately invested.