

Engagement Policy Implementation Statement (“EPIS”)

University of Newcastle-upon-Tyne Retirement Benefits Plan (1971) For Non-Academic Staff (the “Plan”)

Plan Year End – 31 July 2023

The purpose of the EPIS is for us, the Trustee Directors of the Plan, to explain what we have done during the year ending 31 July 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Plan’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers broadly align with our stewardship priorities. We believe our voting rights have been implemented effectively on our behalf. However, there are areas where we would like to see improvements in disclosures in future years, as set out in our engagement action plan. We will continue to invite our investment managers to investment sub-committee meetings on a rolling basis, to engage with them on stewardship issues and hear what they are doing in practice.

How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers, which is in line with the Trustee Directors' policy. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly ESG ratings from Aon for the funds the Plan is invested in where available.

We meet with the Plan's investment managers on a periodic basis and receive updates on performance, strategic positioning and stewardship. During the year, we received updates from Threadneedle Property Unit Trust and Global Infrastructure Partners at investment sub-committee meetings, including updates on how the managers integrate ESG into their investment strategies.

Over the year, we also received training from Aon on ESG and stewardship topics including updated guidance from the Department for Work and Pensions regarding how it expects trustees to approach stewardship and report on these matters through the SIP and EPIS.

The Plan's stewardship policy can be found in the SIP:
<https://www.ncl.ac.uk/foi/publication-scheme/policies/>

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. While Global Infrastructure Partners' 2022 ESG report does demonstrate strong examples of engagement at a firm-level, and a strong alignment to key ESG principles, the manager did not directly provide any engagement data as of the time of writing. Our investment adviser will engage with Global Infrastructure Partners to let the manager know our expectations of better disclosures in relation to the Plan's investments in future.
2. Threadneedle Property Unit Trust did not provide fund-level engagement information. Our investment adviser will meet with this manager to better understand its engagement practices and discuss the areas which are behind those of its peers.
3. M&G provided a comprehensive list of detailed fund level engagements, which we find encouraging, and while this was not in the Investment Consultants Sustainability Working Group ("ICSWG") industry standard format, the level of detail provided was excellent. The manager did not provide overall firm level engagement statistics but, given the level of detail that was provided directly relating to our own investments, we do not view it to be in the best interests of the Plan to engage with this manager to obtain further information.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

4. We will continue to invite our investment managers to investment sub-committee meetings on a rolling basis to get a better understanding of their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment manager to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for the Plan's material fund with voting rights for the year to 30 June 2023. Managers collate voting information on a quarterly basis. The voting information provided is for the year to quarter end date which broadly matches the Plan year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
C Worldwide Asset Management Global Equities	460	100%	22%	0%

Source: Manager

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's manager uses proxy voting advisers.

	Description of use of proxy voting advisers (in the manager's own words)
C Worldwide Asset Management	Proxy voting decisions are made by the Decision Team and consensus is required. Our proxy voting procedures incorporate the recommendations received from the proxy voting service provider, Glass Lewis, and we 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 their in-depth knowledge of an investee company and its management. The voting process is not audited.

Source: Manager

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's equity holding investment manager to provide a selection of what it considers to be the most significant votes in relation to the Plan's funds.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

The manager has provided significant voting examples demonstrating each of the stewardship priorities, as set out in our SIP. We have included three examples in the appendix of this report, demonstrating climate change risks, strong standards of corporate governance, and wider social impact respectively.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
C Worldwide Asset Management Global Equities	33	191	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Pollution, Waste Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Diversity, Remuneration Strategy, Financial and Reporting – Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting) and others
BlueBay - Total Return Credit Fund	161	1206	Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Human and labour rights, Human capital management Governance – Board effectiveness – Independence Strategy, Financial and Reporting – Capital allocation, Reporting and others
M&G - Alpha Opportunities Fund	8	<i>Not provided</i>	Environment - Climate change Social - Human and labour rights, Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Board effectiveness – Remuneration
Global Infrastructure Partners II & III			<i>Not provided</i>
Threadneedle Property Unit Trust	<i>Not provided</i>	177	Environment - Climate change Social - Human and labour rights Governance - Board effectiveness – Remuneration and others

Source: Managers. Threadneedle did not provide fund level themes; themes provided are at a firm level.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- M&G did not provide overall firm level engagement statistics.
- Threadneedle Property Unit Trust did not provide fund level engagement information.
- Global Infrastructure Partners did not directly provide engagement statistics, or engagement information in line with industry best practice reporting methodology.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Plan’s assets that are held as AVCs.

Appendix – Significant Voting Example

In the table below are some significant vote examples provided by the Plan's managers. We consider a significant vote to be one which the manager considers significant or a vote where more than 15% of the votes were against management. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

C Worldwide Asset Management Global Equities	Company name	Amazon
	Date of vote	May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	3.5%
	Summary of the resolution	Shareholder Proposal Regarding Report on Plastic Packaging
	How you voted	Against Management
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Similarly to the past couple of years, we agree that Amazon can do more on disclosure on plastic packaging. The proposal received 48% support last year.
	Outcome of the vote	Fail
	Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not Applicable</i>
	On which criteria have you assessed this vote to be "most significant"?	Climate transition is one of our key engagement topics last year and this year. All votes in regard to this topic is analysed and followed closely.
C Worldwide Asset Management Global Equities	Company name	Epric
	Date of vote	May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.8%
	Summary of the resolution	Re-election of Litzén
	How you voted	Against Management
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	We concurred with Glass Lewis's viewpoint that an audit committee should comprise members who possess adequate knowledge to fulfil their responsibilities diligently on behalf of investors. Based on the available information, the company has not disclosed the presence of any incumbent audit committee members considered as audit financial experts. Moreover, after reviewing the disclosed

	biographies of the audit committee members, we were unable to determine if any of them possess recent and relevant backgrounds or experience in finance and accounting.
Outcome of the vote	Pass
Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not Applicable</i>
On which criteria have you assessed this vote to be "most significant"?	It is considered best practice for at least one member of the audit committee to possess expertise and experience relevant to the committee's responsibilities and the mandatory tasks related to auditing.
Company name	Microsoft
Date of vote	December-2022
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.6%
Summary of the resolution	Shareholder proposal regarding the report on the government's use of technology.
How you voted	Against Management
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	We believe the proposed adoption could help mitigate potential legal, regulatory, and reputational risks. Additional disclosure of Microsoft's policies, procedures, and oversight mechanisms would aid shareholders in understanding how the company is managing and mitigating cyber risks and oversight related to government use of its technology, particularly regarding potential human rights issues.
Outcome of the vote	Fail
Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not Applicable</i>
On which criteria have you assessed this vote to be "most significant"?	Disclosure and transparency are key issues.

Source: Manager