

Implementation Statement

University of Reading Pension Scheme

How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

The Trustees undertook an initial review of the stewardship and engagement activities of the current managers at their **1 August 2019** meeting, and were satisfied that their policies were reasonable and no remedial action was required at that time.

Annually the Trustees receive and review voting information and engagement policies from both the asset managers directly and via the platform provider, Aviva, which the Trustees review to ensure alignment with their own policies. This exercise was first completed at **the 21 October 2020 Trustees' meeting** and will take place again at **the 9 February 2022 Trustees' Meeting**.

Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the fund managers are in alignment with the Scheme's stewardship policies.

Voting Data

Manager	BlackRock	LGIM	HSBC
Fund name	BlackRock Aquila Life (30:70) GBP Hedged Global Equity Index	LGIM Diversified Fund	Islamic Global Equity Index
Structure	Pooled	Pooled	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 data.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting data.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting data.
Number of company meetings the manager was eligible to vote at over the year	2,691	8,706	112
Number of resolutions the manager was eligible to vote on over the year	35,327	90,870	1,720
Percentage of resolutions the manager voted on	94%	99%	93%
Percentage of resolutions the manager abstained from	2%	1%	0%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	74%	81%	89%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	24%	19%	11%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	20%	12%	7%

The proportion of resolutions that were voted on and abstained from may not sum to 100%. This can be due to how the investment manager or local jurisdictions define abstentions or classify a formal vote or abstention as opposed to not returning a voting form or choosing to nominate a proxy.

There are no voting rights attached to the other assets held by the Scheme and therefore there is no voting information shown above for these assets.

Significant votes

We have delegated to the investment managers and Aviva to define what a “significant vote” is. A summary of the data and narratives that they have provided is set out below.

BlackRock Aquila Life (30:70) GBP Hedged Global Equity Index

BlackRock provided details of ten significant votes, two of which have been randomly selected and are set out below. Details of other votes can be requested from BlackRock.

	Vote 1	Vote 2
Company name	Alstom Société Anonyme (“SA”)	International Consolidated Airlines Group SA
Date of vote	08/07/2020	07/09/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.02%	0.05%
Summary of the resolution	Resolution 26. Amend Bylaws to Comply with Legal Changes	Resolution 8. Approve Remuneration Report
How the manager voted	We voted against the resolution.	We voted against the resolution.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes
Rationale for the voting decision	The Company was seeking approval to amend its Articles but did not confirm that double voting rights are prohibited. In March 2014, the Loi Florange (The Florange law) introduced a double voting right for shares registered for at least 2 years (the holding period starting April 2014) as a default standard provision for French companies, but the Florange law may be overridden with a “one share one vote” system set by the company if a proposal is tabled and approved by two-thirds of shareholders at the AGM. As such, we voted against the new Articles as we didn’t want to see the continuation of double voting rights (as we consider that shareholders should have equal rights).	Our vote against reflected concerns regarding significant bonuses that were awarded to the Executive Directors respective of FY2019. The payment of these bonuses raises serious questions, given the current uncertainties facing the Company and the airline industry, and in view of the broader stakeholder experience. Also, the remuneration package of the newly appointed Chief Financial Officer is positioned at a higher level vis-à-vis his predecessor without an adequate explanation.
Outcome of the vote	The resolution was approved (by 98% of shareholders)	The resolution was approved (but over 28% of the votes were not in support).
Implications of the outcome	Although the resolution was supported by a clear majority of shareholders, we have been engaging on this issue with the company for several years (we did again before the AGM) to make our views clear that we are strong supporters of the one-share one-vote principle and encouraged the	Given the high level of opposition and the fact that against votes were over 20%, the company will be added to the Investment Association’s public register. The company’s response is that it will continue to engage with shareholders to better understand the specific concerns as part

	Vote 1	Vote 2
	board to propose an article amendment to end double voting rights. We welcomed that at the EGM on 29 Oct 2020 the company put a vote to shareholder to amend its Articles of Association, this time to remove double voting rights, as part of the acquisition of Bombardier Transportation. This constitutes a significant engagement win and improvement in Alstom's governance.	of the wider engagement in relation to the renewal of the remuneration policy in 2021. If we consider that the company has not properly addressed our concerns, we are likely to vote against the policy in addition to the annual advisory pay report.
Criteria on which the vote is considered "significant"	This vote was selected given the company is a relatively large part of the fund and that the issue that we flagged (and which the company ultimately addressed) deemed sufficiently material.	This vote was selected given it's a relatively large shareholding and high opposition to the resolution is not helpful for shareholders or the Company's reputation.

LGIM, LGIM Diversified Fund

LGIM provided details of 443 significant votes, two of which have been randomly selected and are set out below. Details of other votes can be requested from LGIM.

	Vote 1	Vote 2
Company name	Juewei Food Co., Ltd.	Unisplendour Co., Ltd.
Date of vote	07/05/2021	17/05/2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<0.1%	<0.1%
Summary of the resolution	Resolution 1 Approve Report of the Board of Directors	Resolution 10.1 Elect Yu Yingtao as Director
How the manager voted	Against	LGIM voted against the resolution (management recommendation: for).
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	

Rationale for the voting decision	The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. For 10 years, we have been using our position to engage with companies on this issue. As part of our efforts to influence our investee companies on having greater gender balance, we expect all companies in which we invest globally to have at least one female on their board. Please note we have stronger requirements in the UK, North American, European and Japanese markets, in line with our engagement in these markets. For
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	Vote 1	Vote 2
		further details, please refer to our vote policies on our website.
Outcome of the vote	This resolution was approved by shareholders.	99.7% of shareholders supported the resolution.
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

HSBC Global Asset Management, Islamic Global Equity Index

HSBC provided details of ten significant votes, two of which we have randomly selected and are given below. Details of other votes can be requested from HSBC Global Asset Management.

	Vote 1	Vote 2
Company name	Exxon Mobil Corporation	Rio Tinto Plc
Date of vote	26/05/2021	07/04/2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.4%	0.4%
Summary of the resolution	Proxy contest - Management Proxy Vs Shareholder Proxy	Approve Remuneration Report for UK Law Purposes
How the manager voted	Voted the shareholder proxy card	Did not support the recommendation
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes
Rationale for the voting decision	We were concerned by the lack of substantial improvement in Exxon's commitment and strategy with regards to climate change.	We were concerned that the out-going CEO received £5.7 million from vesting of 2016 LTIP. The Remuneration Committee had reduced vesting by £1 million and he had received no bonus due to destruction of Juukan Gorge historic site. Total pay exceeded previous year; we believe committee should have exercised further discretion in light of the severity of the incident.

	Vote 1	Vote 2
Outcome of the vote	Shareholders have not supported the management proxy	Shareholders have not supported the management
Implications of the outcome	We engaged previously with Exxon in 2020 as member of the Climate Action 100+ investor group. Before the meeting, we had a call with Exxon's representatives to express our concerns and communicate our inclination to support the shareholders' proxy card. After the meeting we confirmed our vote to the Exxon's representatives we met.	The Juukan Gorge incident represented a major failing of governance for the company. Although it had taken a number of actions to address these failings, the remuneration outcome had not been appropriate. We shall continue to engage with the company on these issues and trust that the strong signal sent by the negative remuneration vote will keep it focused on the right course.
Criteria on which the vote is considered "significant"	We voted against the management and selected a range of issues that are representative of our voting guidelines.	We voted against the management and selected a range of issues that are representative of our voting guidelines.

Fund level engagement

Please note that where there is no entry in the following table, we did not receive that information from the Investment Managers.

Manager	BlackRock	LGIM	HSBC
Fund name	BlackRock Aquila Life (30:70) GBP Hedged Global Equity Index	LGIM Diversified Fund	HSBC Global Asset Management
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	-	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	-	-	82
Number of engagements undertaken at a firm level in the year	3,501	974	2,280

Examples of engagements undertaken with holdings in the fund or by the firm as a whole

Aviva

Aviva provided details of five examples of engagement, two of which have been randomly selected and are set out below. Details of other engagements can be requested from Aviva.

MindGeek / Mastercard / Visa

Tackling illegal and abusive pornography through the value chain. The New York Times published details of an investigation into how much illegal and abusive content there was on MindGeek's Pornhub website. Both Mastercard and Visa payment systems were being used by Pornhub, whereas Paypal and Amex had banned them. We contacted Mastercard and Visa to raise the issue and enquire as to how they prevent their services being used for illegal activities.

In between our request for calls with management teams and the calls themselves taking place, both companies terminated their business relationships with Pornhub. Within 24 hours of the credit card companies' actions, Pornhub said it had taken down 10 million videos, or 80 percent of those on its site. We found this outcome encouraging, as it shows that even if we don't own a company's securities, we can play our part by applying pressure on relevant parts of the value chain. Thirty-four women are currently suing MindGeek for allegedly posting content featuring them without their consent. The women claim the company posted content online featuring them without their consent. The content allegedly included videos of rape, child porn and revenge porn.

Telus

Innovative financing for Canadian Telecommunications, Media and Technology ("TMT") business. Telus is the best-in-class TMT operator in Canada. In June the company launched a sustainability-linked bond ("SLB") issue with an innovative interest step-up feature related to its level of greenhouse gas emissions. We have engaged with Telus on a range of Environmental, Social and Governance ("ESG") issues, including greenhouse gas emissions. We were supportive of Telus issuing this bond. We believe that management's targets are commendably ambitious based on their previous historical metrics but ultimately we did not participate in the issue due to valuation concerns.

The Telus bond is interesting because bondholders are awarded an extra 1% on their coupon for 1.5 years if the company is unable to reduce their Scope 1 and 2 greenhouse gases by 46% by mid-2030. Importantly, Sustainalytics provided a second-party opinion that Telus' SLB framework aligns with the 2020 Sustainability-Linked Bond Principles. We hope to see more innovative financing structures that link corporate objectives with improving ESG metrics.

BlackRock

BlackRock have many examples of engagement that they can provide, with lots of information provided at <https://www.blackrock.com/corporate/about-us/investment-stewardship>. Below are two randomly selected examples of BlackRock's engagement.

Engagement that led to votes to improve board quality or support effective boards

Throughout this year, engagement helped inform vote decisions on board quality matters in a number of key cases.

Systemanalyse Programmentwicklung ("SAP") Societas Europaea ("SE")

For instance, In April 2021 the Bank for International Settlements ("BIS") did not support the discharge of the Supervisory Board of SAP, a German-based technology company. This action was taken to reflect our concerns about the composition of SAP's Nomination Committee, which became wholly non-independent in 2021 (falling below our expectation that key committees be majority independent). In addition, the Nomination Committee is chaired by SAP's non-independent Supervisory Board Chairman, who is a co-founder of the company and

formerly its CEO. We had previously engaged with the company in December 2020 to discuss our concerns around board governance, particularly in light of related challenges including the sudden departure of one of the company's co-CEOs in April 2020.

Vale SA (Vale)

We voted to support boards that had demonstrated effective leadership and oversight or notable progress. For example, over the course of 2020 and the first half of 2021, BIS had numerous engagements with Vale, in large part to discuss remediation following the Brumadinho disaster. In the first half of 2021 alone, BIS met with Vale over ten times. The 2019 dam collapse in Brumadinho is considered one of the deadliest industrial disasters in the world, in which approximately 270 employees and community members lost their lives. It also caused significant environmental damage. In January 2020, 11 high-level executives at Vale — including the former CEO Fabio Schvartsman — were charged with homicide and environmental crimes.

Beyond engaging on developments directly related to the Brumadinho disaster, BIS has focused our discussions on board effectiveness and sustainability matters. We shared our expectations of board quality — including composition, diversity, and independence — and the role of the board in overseeing corporate strategy and culture. While Vale's work to regain stakeholder trust and to ameliorate the effects of the disaster on impacted communities is far from over, BIS voted for all management items at the company's 2021 annual and special shareholder meetings because the company has enacted necessary changes at the board level, which led to significant improvements in board composition, diversity, and independence. These changes are consistent with generating long-term shareholder value. Please see our Vote Bulletin for more detail.

LGIM

LGIM have many examples of engagement that they can provide, with lots of information provided at <http://www.lgim.com/responsibleinvestment>. Below is an example of LGIM's engagement.

Deforestation; LGIM's concerns

Meeting the aim of the Paris Agreement regarding net zero emissions by 2050 will be impossible without tackling and reversing deforestation. A report by the Intergovernmental Panel on Climate Change ("IPCC") highlights that to limit global warming to 1.5°C, reforesting an area the size of India may be necessary. Halting deforestation in biodiversity hotspots and systemically important biomes is key to global decarbonisation efforts.

Deforestation; LGIM's actions

- The food sector has been a part of the Climate Impacts Programme ("CIP") since launch in early 2017, with deforestation policies being a key theme of engagement with companies.
- Four food companies are currently divested from LGIM's Future World Funds on concerns around lack of deforestation policies.
- We were an early member of Principles for Responsible Investment ("PRI")/Ceres Investor Initiative for Sustainable Forests, and have engaged with food companies on deforestation for several years.
- Since 2019, we have been engaging with Brazilian meat processors **JBS**, **Minerva** and **Marfrig** on rooting out deforestation from cattle supply chains, and we have signed letters to soy traders with exposure to the Amazon. We also joined a working group on palm oil policies at Asian fast-moving consumer goods.

- In 2020, we signed letters to Brazilian embassies in numerous European countries expressing concerns around efforts to dismantle environmental protections in the Amazon, and calling on the government to enforce existing regulation to halt deforestation.
- Subsequently, we joined investor calls with the **Brazilian Government** (the Vice President, the ministers for foreign affairs, environment and agriculture as well as the governor of the central bank) and a follow up call with members of Brazilian congress to press these points and encourage government to drastically reduce rates of deforestation.
- At **Procter & Gamble's ("P&G")** annual general meeting, shareholders including LGIM bucked the recommendation of the company's Board and voted for a proposal asking P&G to report on its efforts to reduce deforestation and forest degradation in its supply chains. The proposal received the support of 67 percent of the votes cast.
- We also engaged **Nestlé** repeatedly in 2020 on sustainability issues including water scarcity, packaging, recycling and supply chain management. The company has since committed to: i) net zero emissions; ii) externally verified certifications for water use and raw material sourcing; and iii) 100% recyclable/reusable packaging by 2025. LGIM will be meeting the company's CEO in the coming months to follow up on these commitments

HSBC

HSBC report on engagement within their reports found at <https://www.assetmanagement.hsbc.com/about-us/responsible-investing/stewardship>. However, the latest report only covers the period up to May 2020, and contains no specific examples of named companies. Therefore, there is no data to include in the Implementation Statement. The Trustees will continue to engage with HSBC through their investment advisor and Aviva in order to stress the importance of such information.

How the SIP has been followed over the year

In the Trustees' opinion, the Statement of Investment Principles has been followed over the year in the following ways:

- The Scheme offers a suitable default strategy for members. This was reviewed at the 1 August 2019 Trustees' Meeting and believed to be appropriate based on the membership profile of the Scheme at that time. The Trustees would reconsider this review in 2020 noting that the membership profile implied that a target of cash at retirement may now be more suitable than annuity, but with the current young membership age there was not an imperative to implement changes now and the Trustees favoured waiting in view of the pace of development of off-the-shelf products targeting cash at retirement and that include ESG factors.
- This review of the default strategy was considered again at the 21 October 2020 Trustees' Meeting with the added context of upcoming changes to value for money assessments which could warrant a fundamental review of the Scheme as well as the investment strategy and implementation. It was noted that Aviva have developed their MyMoney offering including its lifestyle strategies and made significant updates in respect of ESG. These were noted as of interest pending the outcome of the value for member consultation. The ongoing pandemic and volatile market conditions are dissuaded from making significant changes to investment strategy at that time.
- The Scheme offers a range of self-select fund options which give members a reasonable choice from which to select their own strategy. The self-select fund range was reviewed at the 1 August 2019 Trustees'

Meeting and believed to be appropriate at that time, with interest in developing a more ESG-focussed option when such suitable options were available on the Aviva platform.

- The Trustees monitor the performance of each manager's funds quarterly to ensure that the funds are meeting their stated objectives. Their Investment Consultants and managers provide quarterly reports for review and should an urgent issue develop, would make immediate contact with the Trustees.
- The Trustees also consider the performance of each manager's funds in context of their investment strategy and should their investment consultant identify any concerns, a review of that area of investment strategy would be initiated.
- The Trustees initially considered the ESG capabilities of each of the Scheme's managers at the meeting on 1 August 2019 and agreed that the managers' policies are reasonable. No action was taken as a result of this exercise.
- Annually the Trustees receive and review voting information and engagement policies from both the asset managers directly and via the platform provider, Aviva, which the Trustees review to ensure alignment with their own policies. This exercise was first completed at **the 21 October 2020 Trustees' meeting** and will take place again at **the 9 February 2022 Trustees' Meeting**.
- The Trustees have made no new manager or fund appointments over the year.