

Engagement Policy Implementation Statement (“EPIS”)

University of Exeter Retirement Benefits Scheme (the “Scheme”)

Scheme Year End – 5 April 2023

The purpose of the EPIS is for us, the Trustee of the University of Exeter Retirement Benefits Scheme, to explain what we have done during the year ending 05 April 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 Scheme’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, the Scheme’s investment manager, BlackRock, was able to disclose satisfactory evidence of voting and engagement activity, that the activities completed by BlackRock align with our expectations regarding stewardship of the Scheme’s assets, and that our voting rights have been exercised effectively on our behalf in practice.

However there some gaps in the detail provided, with BlackRock failing to provide the full detail in relation to significant votes cast and engagements carried out (as per industry standard templates). Our investment adviser, Aon Investments Limited (“Aon”), is engaging with BlackRock on our behalf to set expectations regarding the provision of this information in future.

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 BlackRock provided a comprehensive list of fund-level engagement, which we find encouraging, these examples did not give as much detailed as required by the Investment Consultants Sustainability Working Group (“ICSWG”) industry standard. They also did not provide firm-level engagement information and failed to provide the full level of detail requested regarding significant votes as per the PLSA Vote Reporting template. Aon as our investment adviser, is engaging with BlackRock on our behalf to set expectations regarding the provision of this information in future.
2. We will invite BlackRock to a meeting to get a better understanding their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.
3. We will look to undertake an annual review of our investment manager’s Responsible Investment policies to ensure they are in line with our own approach.

1. How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's sole appointed investment manager, BlackRock. We reviewed the stewardship activity carried out by BlackRock over the Scheme year and in our view, BlackRock were able to disclose satisfactory evidence of voting and engagement activity. More information on the stewardship activity carried out by the Scheme's investment manager can be found in the next section of this report.

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

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP:
https://www.exeter.ac.uk/media/universityofexeter/communicationservices/internalcomms/documents/Statement_of_Investment_Principles_August_2022.pdf

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 BlackRock provided a comprehensive list of fund-level engagement, which we find encouraging, these examples did not give as much detail as required by the Investment Consultants Sustainability Working Group ("ICSWG") industry standard. They also did not provide firm-level engagement information and failed to provide the full level of detail requested regarding significant votes as per the PLSA Vote Reporting template. Our investment adviser, Aon, is engaging with BlackRock on our behalf to set expectations regarding the provision of this information in future.
2. We will invite BlackRock to a meeting to get a better understanding their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.
3. We will look to undertake an annual review of our investment manager's Responsible Investment policies to ensure they are in line with our own approach.

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 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

2. 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. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect BlackRock to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2023.

Voting information is only produced by BlackRock on a quarterly basis so information for the year to 5 April 2023 was not available at the time of writing this statement. We are comfortable that the information provided (which reflects the 12 months to 31 March 2023) is reflective of the voting carried out on their behalf over the Scheme year to 5 April 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
BlackRock - ACS ESG Equity Tracker	5,653	95.0%	4.0%	0.0%
BlackRock - World Ex-UK Equity Index GBP Hedged	27,694	92.0%	7.0%	0.0%

Source: BlackRock

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.

BlackRock describes its use of proxy voting advisers as follows:

"BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be

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.

beneficial. Other sources of information we use include the company’s own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.”

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the BlackRock to provide a selection of what they consider to be the most significant votes in relation to the Scheme’s funds. A sample of these significant votes can be found in the appendix

3. 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 BlackRock. The manager has 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 fund invested in by the Scheme

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
BlackRock ACS ESG Equity Tracker	592	Not provided	Environment - Climate Risk Management, Operational Sustainability, Environmental Impact Management Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy, Remuneration Social - Human Capital Management, Social Risks and Opportunities
BlackRock World Ex-UK Equity Index GBP Hedged	1,764	Not provided	Environment - Climate Risk Management, Operational Sustainability Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy, Executive Management, Governance Structure, Remuneration Social - Human Capital Management, Social Risks and Opportunities

Source: Manager

Data limitations

At the time of writing, the manager did not provide all the information we requested as follows:

- BlackRock did provide fund-level engagement information but not in the industry standard ICSWG template. Additionally, the manager did not provide any firm-level engagement information.
- BlackRock did not provide the full information requested in relation to significant votes, as per the PLSA Vote Reporting template.

We, and our investment adviser, are engaging with BlackRock to encourage improvements in reporting.

This report does not include commentary on the Scheme’s gilts or cash investments, because of the limited materiality of stewardship to these asset classes. It also does not include commentary on the Scheme’s allocation to emerging market equities or UK equities given the allocations are immaterial (less than 1% of Scheme assets).

Appendix – Significant Voting Examples

In the table below are two significant votes provided by the Scheme’s manager. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote as per the information set out below.

Note: wording has been provided directly by BlackRock.

BlackRock ACS ESG Equity Tracker	Company name	Bank of Montreal
	Date of vote	13-Apr-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Shareholder proposal: Adopt a Policy to Ensure the Bank's Financing is Consistent with IEA's Net Zero Emissions by 2050 Scenario
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Did not vote against management.</i>
	Rationale for the voting decision	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company
	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?	BlackRock’s approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	On which criteria have you assessed this vote to be "most significant"?	Vote Bulletin; We periodically publish “vote bulletins” setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that we consider, based on our Global Principles and Engagement Priorities, material to a company’s sustainable long-term financial performance. These bulletins are intended to explain our vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to our clients and other stakeholders, and potentially represent a material risk to the investment we undertake on behalf of clients. We make this information public shortly after the shareholder meeting, so clients and others can be aware of our vote determination when it is most relevant to them. We consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

BlackRock - World Ex-UK Equity Index GBP Hedged	Company name	Alphabet Inc.
	Date of vote	01-Jun-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Report on Metrics and Efforts to Reduce Water Related Risk
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
	Rationale for the voting decision	We believe it is in the best interests of shareholders to have access to greater disclosure on this issue.
	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?	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.	
On which criteria have you assessed this vote to be "most significant"?	Vote Bulletin; We periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that we consider, based on our Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain our vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to our clients and other stakeholders, and potentially represent a material risk to the investment we undertake on behalf of clients. We make this information public shortly after the shareholder meeting, so clients and others can be aware of our vote determination when it is most relevant to them. We consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.	

Source: BlackRock