

Engagement Policy Implementation Statement (“EPIS”)

University of St Andrews Superannuation and Life Assurance Scheme (the “Scheme”)

Scheme Year End – 31 July 2023

The purpose of the EPIS is for us, the Trustees of the University of St Andrews Superannuation and Life Assurance Scheme, 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 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, most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations.

We will continue to invite our investment managers to meetings throughout the year to get a better understanding their voting and engagement practices, and how these help us fulfil our Responsible Investment policies. We will continue to undertake regular, detailed ESG monitoring of our managers.

We believe our voting rights have been implemented effectively on our behalf. However, we have also seen inadequate level of disclosures from one of the managers and we are actively engaging with the manager to improve this.

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 investment managers, which is in line with the Trustees' policy. We reviewed the stewardship activity of the material investment managers carried out over the Scheme 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 Scheme's investment managers can be found in the following sections 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 Investments Limited ("Aon"). In particular, we received quarterly ESG ratings from Aon for the funds the Scheme is invested in where available.

We also received a training session from Aon's Responsible Investment team which introduced relevant regulatory developments including the Single Code of Practice, provided an overview of climate change risk, and introduced the concept of biodiversity.

Over the 12 months to 31 July 2023, we invited four of the Scheme's managers (Ownership, Mirova, PIMCO and KKR) to individual meetings during which the managers provided an insight into topics such as ESG integration and engagement.

The Scheme's stewardship policy can be found in the SIP:

<https://www.st-andrews.ac.uk/media/human-resources/salariespensions/pensions/Statement%20of%20Investment%20Principles.pdf>

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

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 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 the Scheme's equity-owning investment managers 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 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 Scheme year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Baillie Gifford - Positive Change Fund	376	95.7%	3.6%	0.0%
Mirova Global - Sustainable Equity Fund	715	100.0%	44.0%	0.0%
Ownership Capital - Global Equity Fund	322	100.0%	11.2%	3.4%
UBS Global Asset Management - Life Climate Aware World Equity Fund	17,351	97.0%	13.8%	0.1%

Source: Managers

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 Scheme's managers use proxy voting advisers.

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.

**Description of use of proxy voting advisers
(in the managers' own words)**

Baillie Gifford & Co.	Whilst we are cognisant of proxy advisers' voting recommendations [Institutional Shareholder Service ("ISS") and Glass Lewis], we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies.
Mirova	Mirova utilizes ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendations are not prescriptive or determinative to our voting decision.
Ownership Capital	We currently cast our proxy votes via a dedicated voting provider, ISS.
UBS Global Asset Management	UBS Asset Management retain the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retain full discretion when determining how to vote at shareholder meetings.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers 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.

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 Scheme'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 Scheme

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Baillie Gifford - Positive Change Fund	87	1,255	Annual General Meeting ("AGM") or Extraordinary General Meeting ("EGM") Proposals, Corporate Governance, Environmental/Social, Executive Remuneration
Mirova Global - Sustainable Equity Fund	33	115	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 - Reporting (e.g. audit, accounting, sustainability reporting)
Ownership Capital - Global Equity Fund	143	143	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management Governance - Board effectiveness – Diversity, Board effectiveness - Independence or Oversight, Remuneration Strategy, Financial and Reporting - Capital allocation, Strategy/purpose
UBS - Life Climate Aware World Equity GBP Hedged Fund	213	461	Environment - Climate change, Social - Human and labour rights, Human capital management Governance - Board effectiveness - Independence or Oversight, Remuneration, Leadership - Chair/CEO Strategy, Financial and Reporting - Capital allocation, Strategy/purpose Other - Supply chain management
Aegon - European Asset Backed Securities Fund	132	441	Environment - Climate change Social Governance Others - General disclosure (<i>Where we are seeking additional information from the relevant transaction parties on practices or products to make our own proprietary ESG assessment of a certain issuer.</i>)
PIMCO Diversified Income Fund (UK DB PLD) (V)	247	>1,800	Environment - Climate change, Social - Conduct, culture and ethics, Human and labour rights Governance - Board effectiveness – Diversity, Board effectiveness - Independence or Oversight Strategy, Financial and Reporting - Capital allocation, Financial performance, Strategy/purpose Others - ESG Bonds, Product Safety & Quality
DRC Capital UK Whole Loan Fund II	15-20	150	Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Conduct, culture and ethics, Human and labour rights Governance - Board effectiveness – Other, Leadership - Chair/CEO Strategy, Financial and Reporting - Capital allocation, Reporting

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Copenhagen Infrastructure Partners - Infrastructure IV	<i>Not Provided</i>	<i>Not Provided</i>	Environment - Climate change, Natural resource use/impact Social - Human and labour rights, Human capital management Strategy, Financial and Reporting - Reporting
KKR Diversified Core Infrastructure Fund			Not Provided
BGO Secured Lending III LP	5	<i>Not Provided</i>	Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Conduct, culture and ethics, Human and labour rights, Human capital management Strategy, Financial and Reporting - Capital allocation, Reporting, Financial performance

Source: Managers. The following manager did not provide fund level themes; themes provided are at a firm-level:

- Copenhagen Infrastructure Partners

Data limitations

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

- Aegon's description of its fund-level engagement themes was limited.
- BGO did not provide firm level engagement information. The manager stated that it does not currently track total number of engagements or the breakdown by outcome.
- Copenhagen did not provide number of engagements at either a fund-level or a firm-level.
- KKR did not provide any of the engagement information requested. The manager stated that it engages extensively with portfolio companies, however, it does not track its engagement with them on any topic, including ESG related issues.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme’s managers. 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, some of which are outlined in the examples below

Baillie Gifford Positive Change Fund	Company name	TESLA, INC.
	Date of vote	4 August 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	5.6%
	Summary of the resolution	Shareholder Resolution - Climate
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	We opposed the resolution requesting a report on how the company's corporate lobbying is aligned with the Paris Climate Agreement. Given Tesla's core mission is to accelerate the world's transition to sustainable energy and its entire business strategy is in alignment with the Paris Agreement, we believe additional disclosures would be a burdensome with no real benefit to shareholders.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We did not support this proposal. While we have been supportive of similar proposals put forward at our other US holdings, we don't believe there is the same rationale for supporting at Tesla. We are not aware of any concerns that Tesla are executing their strategy in contravention of the Paris Agreement and continue to trust management.
	On which criteria have you assessed this vote to be "most significant"?	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Mirova Global Sustainable Equity Fund	Company name	American Water Works
	Date of vote	10 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4%
	Summary of the resolution	Shareholder proposal on racial equity audit
	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	The proponent is requesting that American Water Works Company oversee and report on a racial justice audit analyzing how the company's policies and operations affect systemic racism. While the company has significantly improved its diversity and inclusion disclosures over the past few years, it is far from having reached its diversity targets, which are not publicly disclosed. This proposal would allow

		the company to further better its transitioning to a more inclusive and diverse workforce and to a higher level of transparency. Additional information on a general scope would be welcome, as well as recommendations to better assess the effectiveness of the company's efforts to address these issues and racial inequity.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	It should be noted that while Mirova, as a French-based asset manager, is not specifically in favor of ethnic statistics, we understand that it is considered a positive and encouraged advancement in the US market, promoted by associations that strive to tackle discrimination and inequality. As a result, and since this shareholder proposal aims to improve transparency, Mirova will vote in favor of item 5. We intend to contact the company to inform of our voting intention and rational.
	On which criteria have you assessed this vote to be "most significant"?	Relevant to engagement strategy
Ownership Capital - Global Equity Fund	Company name	Edwards Lifesciences
	Date of vote	11 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	5.3%
	Summary of the resolution	Require Independent Board Chair
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	The company has split the CEO and Chairman role with the retirement of the long-standing CEO. The company has also maintained the position of lead independent director in the board which we deem sufficient.
	Outcome of the vote	Against
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to encourage best-in-class governance structure
	On which criteria have you assessed this vote to be "most significant"?	This is significant because board refresh and diversity ensure appropriate oversight, independence and improved governance.
UBS - Life Climate Aware World Equity GBP Hedged Fund	Company name	Tesla, Inc.
	Date of vote	4 August 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 Efforts to Prevent Harassment and Discrimination in the Workplace

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	The request for additional reporting is reasonable and would enable shareholders to have a better understanding of the company's approach.
Outcome of the vote	Fail
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Given strong shareholder support, we shall monitor further developments
On which criteria have you assessed this vote to be "most significant"?	Aggregate percentage of votes against management exceeded 45% of votes cast.

Source: Managers