

Aston University Pension Scheme – Implementation Statement for the year ending 31 March 2023

Statement of Compliance with the Aston University Pension Scheme’s (“the Scheme”) Stewardship Policy for the year ending 31 March 2023

Introduction

This is the Trustees’ statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustees have complied with the Scheme’s Stewardship Policy during the period from 1 April 2022 to 31 March 2023.

Stewardship policy

The Trustees’ Stewardship (voting and engagement) Policy sets out how the Trustees will behave as an active owner of the Scheme’s assets, which includes the Trustees’ approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustees monitor and engages with their investment managers and any other stakeholders.

The Scheme’s Stewardship Policy can be found within the Statement of Investment Principles (“SIP”). The SIP is reviewed on an annual basis, and can be found <https://www.aston.ac.uk/about/statutes-ordinances-regulations/publication-scheme/governance-compliance/pension-scheme>. The last review was completed on 20 April 2023.

The Trustees have delegated voting and engagement activity in respect of the underlying assets to the Scheme’s investment managers. The Trustees believe it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues that affect a company’s financial performance.

The Trustees’ own engagement activity is focused on their dialogue with their investment managers, which is undertaken in conjunction with their investment advisers. The Trustees meet regularly with their managers and the Trustees consider managers’ exercise of their stewardship both during these meetings and through reporting provided by their investment adviser annually.

The Trustees also monitor their compliance with their Stewardship Policy on an annual basis and are satisfied that they have complied with the Scheme’s Stewardship Policy over the last year.

Overall, the Trustees are satisfied that, for the year to 31 March 2023:

- **The Plan’s DB investments have been managed in accordance with the SIP; and**
- **The provisions in the SIP remain suitable for the Plan’s DB members.**

Conflicts of interest

The Trustees consider any conflicts of interest in the management of the Scheme’s assets. Over the year, the managers have not disclosed any potential or actual conflicts of interest, but have ensured that the appropriate policies are in place. The Trustees periodically request the managers’ conflicts of interest policies documents, and are satisfied that there have been no material conflicts of interest during the year which might affect members’ benefit expectations or the running of the Scheme.

Voting activity

The Trustees seek to ensure that their managers are exercising voting rights and, where appropriate, to monitor managers' voting patterns. On an annual basis, the Trustees monitor investment managers' voting on particular companies or issues that affect more than one company.

The Trustees have invested in equity assets through a pooled LGIM Fund. LGIM have reported on how votes were cast in the mandate as set out in the table below.

LGIM Equities

	LGIM – Future World Global Equity Index
Proportion of Scheme assets	18.9%
No. of meetings eligible to vote at during the year	5,067
No. of resolutions eligible to vote on during the year	54,368
% of resolutions voted	99.88%
% of resolutions voted with management	80.37%
% of resolutions voted against management	18.60%
% of resolutions abstained	1.03%
% of meetings with at least one vote against management	63.26%

The resolutions that LGIM voted against management the most on over the year were mainly in relation to remuneration and climate impact pledges.

Significant votes

Significant votes are considered by the Trustees to be a vote in respect of larger holdings within the equity portfolio. The Trustees have asked their managers to report on the most significant votes cast within the funds they manage on behalf of the Trustees. The managers were asked to explain the reasons why votes identified were significant, the size of the position in the portfolio, how they voted, any engagement they had undertaken with the company and the outcome of the vote. Schroders have not provided information on any significant votes given the nature of the property funds held with Schroders. From LGIM's report, the Trustees have identified the following votes as being of greater relevance to the Scheme:

Legal & General Investment Management

Date	Company	Subject (theme and summary)	Manager's vote and rationale
25 th May 2022	Amazon.com Inc	Corporate Governance – Resolution 1f – Elect Director Daniel P.Huttenlocher	Against – Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.
2 nd June 2022	NVIDIA Corporation	Corporate Governance – Elect Director Harvey C. Jones	Against – A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. We are targeting the largest companies as we believe that these should demonstrate leadership on this critical issue.

Date	Company	Subject (theme and summary)	Manager's vote and rationale
			Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
1 st June 2022	Alphabet Inc.	Climate Change – Report on Physical Risks of Climate Change	For – Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
17 th May 2022	JPMorgan Chase & Co	Corporate Governance – Resolution 1c Elect Director Todd A. Combs	Accountability: Joint Chair/CEO: A vote AGAINST the relevant director is applied as LGIM expects companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair. Remuneration: Escalation: A vote AGAINST the re-election of Stephen Burke (Committee Chair), Linda Bammann, Todd Combs and Virginia Rometty is applied in light of the one-off time-based award and our persistent concerns about pay structures at the Company. As members of the Compensation Committee, these directors are deemed accountable for the Company's pay practices.
25 th May 2022	Meta Platforms Inc.	Corporate Governance – Resolution 5 – Require Independent Board Chair	For – Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.

Schroders Investment Management

Due to the nature of the Schroders' Property funds, Schroders did not provide information on significant votes relevant to the Scheme during the year. They did, however, provide firm and strategy level information which is included below.

“Constructive and committed engagement with management teams at the companies and assets we invest in is a key element of the value we bring to our clients. Social and environmental forces are reshaping societies, economies, industries and financial markets. Approached thoughtfully and with focus, encouraging management teams to adapt to those changes, and holding them accountable for doing so, can strengthen the long term competitiveness and value of those assets and can accelerate positive change towards a fairer and more sustainable global economy.

We also have a long-standing commitment to support and collaborate with several industry groups, organisations and initiatives to promote well-functioning financial markets. Our key stakeholders include exchanges, regulators and international and regional trade associations. For example, Schroders is a member of trade bodies such as the Investment Association in the UK, the European Fund and Asset Management Association (EFAMA), the Asia Securities Industry and Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in the US.”

Schroders have noted that, for the Schroders Real Estate Fund:

“This fund invests in direct real estate which is under active management, and engagement forms an integral and continuous process. Our definition of engagement is primarily our relationship with tenants where we seek regular and ongoing engagement to ensure a good occupational experience to help and retain tenants. Our Sustainability Requirement for Property Managers includes key performance indicators on tenant engagement for Property Managers who are responsible for the day to day relationship with tenants. Alternatively, engagement could be through Schroder Real Estate membership to industry groups such as the Better Buildings Partnership (BBP) where all 24 members made the commitment to achieve Net Zero Carbon by 2050.”

Barings Investment Management

Due to the nature of the Barings investment, there were no associated voting rights. In lieu of this, a Fixed Income engagement case study is included below.

Case Study – Engagement with a global industrial minerals and logistics company

Barings' Global High Yield team holds a global industrial minerals and logistics company, based in the US. Following the review of the company's annual sustainability report, the Barings' team noticed that emissions reporting and disclosure around reduction targets trailed peers, and identified the opportunity to engage with the company to better understand its approach to climate risk. In early Q1 2023, Barings emailed the Investor Relations department requesting more concrete examples of planned emission reduction efforts and targets. Following a call with Investor Relations, the company communicated that it was the end of year two of a three year data gathering exercise that will serve as a baseline to set reduction targets from in the future. The Barings' team plans to follow up with the company later this year to understand progress on targets being set and published post 2023.

Engagement activity

The Trustees aim to meet with their investment managers on a regular basis. At these meetings, stewardship issues are discussed in further detail. Over the 12 months to 31 March 2023, the Trustees met with two of their three managers, LGIM and Schroders, with an expectation to meet with Barings in H2 2023. As part of these discussions, the

Summary of manager engagement activity

The Trustee receives annual reporting on each managers' engagement activity. The following table summarises the key engagement activity for the 12-month period ending 31 March 2023.

Fund	Voting rights/ Engagements	Topics engaged on
LGIM Equities	There are voting rights, as these funds invest in equities. There were 54,368 eligible resolutions to vote on during the year to 31 March 2023, and 99.88% of these were voted on by LGIM. There was a total of 725 engagements for the LGIM Future World Fund.	Topics included: Environmental topics (e.g. Climate Change, Climate Impact Pledges), Social topics (e.g. Public Health), Governance topics (Remuneration, Board Composition, Gender Diversity), and other topics such as Strategy/Financial topics.
LGIM Corporate Bonds ¹	There were voting rights, with 3 resolutions voted on over the year to 31 March 2023. There was a total of 91 engagements for the LGIM Corporate Bond Fund.	Topics included: Environmental topics (e.g. Climate Change), Social topics (e.g. Inequality), Governance topics (Remuneration, Board Composition), and other topics such as Strategy/Financial topics (e.g. Corporate strategy).

Fund	Voting rights/ Engagements	Topics engaged on
LGIM Maturing Buy & Maintain Funds (2035-2039 and 2040-2054) ¹	No voting rights, as this is a fixed income portfolio. There was a total of 229 engagements for the LGIM Maturing Buy and Maintain Funds.	Topics included: Environmental topics (e.g. Climate Change), Social topics (e.g. Public Health), Governance topics (Remuneration, Board Composition,) and other topics such as Strategy/Financial topics (e.g. Corporate strategy).
Schroders – UK Real Estate	No voting rights, as this is a property portfolio. As Property Managers are responsible for the day to day relationship with tenants number of engagements is therefore difficult to quantify.	In the course of managing the Fund Schroders carries out its responsibilities with consideration for all relevant topics under environmental, social, governance, and strategy and risk management considerations.
Barings High Yield Credit	No voting rights. 456 engagements with issuers within its fixed income investments for the 12 month period to 31 March 2023.	Topics included: Climate Change, Natural Resources, Pollution, Social Equality and Diversity, Human and Labour Rights, Public Health, Governance and Leadership, Financial Reporting and Performance, Risk Management, and Capital Allocation.

¹ LGIM also noted that engagement figures do not include data on engagement activities with national or local governments, government related issuers, or similar international bodies with the power to issue debt securities.

Use of a proxy adviser

The Trustee's investment managers have made use of the services of the following proxy voting advisors over the Plan year:

Manager	Proxy Advisor used
LGIM	ISS – 'ProxyExchange'

Review of policies

The Trustee has committed to reviewing the managers' RI policies on a regular basis. This review was last undertaken by the Trustee on 12 May 2020, with the next review expected to be completed in H2 2023. The review considered managers' broader approach to responsible investment issues in addition to considering any change in approach by the manager over the year. The Trustee also considered changes to their managers' voting policies. The Trustees anticipate reviewing the managers RI policies in the coming year.

The Trustee and its advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies remain suitable for the Plan.