

United Kingdom Accreditation Service Pension Scheme

Implementation Statement for the Scheme year ended 31 March 2021

This is the Implementation Statement prepared by the Trustee of the Pension Scheme of the United Kingdom Accreditation Service Pension (“the Scheme”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 March 2021.

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 Trustee undertook an initial review of the stewardship and engagement activities of the current managers at their 6 March 2019 meeting, and were satisfied that their policies were reasonable and no remedial action was required at that time.

Annually the Trustee receives and reviews voting information and engagement policies from the asset managers, which we review to ensure alignment with their own policies. The Trustee met their investment managers at the 3 December 2020 Trustee Meeting to discuss these topics and are comfortable the actions of the fund managers are in alignment with the Scheme’s stewardship policies.

Voting undertaken on behalf of the Trustees

Voting only applies to equities held in the portfolio. The Scheme’s equity investments are held in pooled index-tracking equity funds managed by BlackRock, and as such BlackRock votes on behalf of the Trustee.

The tables below provide a summary of the voting activity undertaken by BlackRock during the year to 31 March 2021.

Voting Data

Manager	BlackRock Aquila Life Funds (includes currency hedged and unhedged versions where appropriate)					
Fund name	European Equity Index	Japanese Equity Index	Pacific Rim Equity Index	US Equity Index	UK Equity Index	iShares Emerging Markets Index Fund (IE)
Structure	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 behaviour.					
Number of company meetings the manager was eligible to vote at over the year	546	517	448	611	1,211	2,472
Number of resolutions the manager was eligible to vote on over the year	9,326	6,221	3,150	7,542	15,742	23,180
Percentage of resolutions the manager voted on	81.42%	100.00%	99.62%	100.00%	97.17%	96.77%
Percentage of resolutions the manager abstained from	1.15%	0.00%	0.13%	0.09%	1.85%	2.77%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	87.71%	97.97%	90.12%	97.20%	94.26%	90.79%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	12.29%	2.03%	9.88%	2.80%	5.84%	9.21%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	The manager hasn't provided this information					

Significant votes

For the first year of implementation statements we have delegated to the investment managers to define what a “significant vote” is. Some of the examples they have provided are set out below.

BlackRock Aquila Life European Equity Index Funds

	Vote 1	Vote 2	Vote 3
Company name	Santander Consumer USA Holdings, Inc.	Total SA	Volvo AB
Date of vote	10 June 2020	29 May 2020	18 June 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager hasn't provided this information		
Summary of the resolution	Report on Risk of Racial Discrimination in Vehicle Lending	Instruct Company to Set and Publish Targets for Greenhouse Gas (GHG) Emissions Aligned with the Goal of the Paris Climate Agreement and Amend Article 19 of Bylaws Accordingly	Re-election of Directors and Board Chairman, approval of the remuneration policy and other terms of employment for executive management
How the manager voted	For	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	The manager hasn't provided this information		
Rationale for the voting decision	The manager voted for the shareholder proposal, as they believe that discriminatory lending practices (of all forms) are a material risk to the company's business and shareholders would benefit from increased and improved disclosure on compliance programs, processes and procedures, as well as risk mitigation processes and procedures, to prevent discriminatory lending (including racial discrimination).	The manager voted against the shareholder resolution given the company's existing reporting aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), its responsiveness to shareholder engagement on portfolio resilience and reduction of scope 1, 2, and 3 greenhouse (GHG) emissions.	The manager voted against the resolutions outlined above given their concerns about progress on climate-related risks reporting and the structure of executive pay at the company.
Outcome of the vote	The manager hasn't provided this information		
Implications of the outcome	The manager hasn't provided this information		
Criteria on which the vote is considered “significant”	The manager hasn't provided this information		

BlackRock Aquila Life Japanese Equity Index Funds

The manager only provided details of one significant vote for these funds.

Vote 1	
Company name	Mizuho Financial Group
Date of vote	25 June 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager hasn't provided this information
Summary of the resolution	Shareholder Proposal. Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement
How the manager voted	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	The manager hasn't provided this information
Rationale for the voting decision	The manager voted against the proposal via an independent fiduciary. The independent fiduciary took into consideration the company's policies and announcements made after the proposal was filed. The independent fiduciary determined that the company now has policies in place that address the issues raised in the proposal.
Outcome of the vote	The manager hasn't provided this information
Implications of the outcome	The manager hasn't provided this information
Criteria on which the vote is considered "significant"	The manager hasn't provided this information

BlackRock Aquila Life Pacific Rim Equity Index Funds

	Vote 1	Vote 2	Vote 3
Company name	AGL Energy Ltd.	National Australia Bank	First Pacific Co Ltd
Date of vote	7 October 2020	18 December 2020	17 July 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager hasn't provided this information		
Summary of the resolution	Approve Coal Closure Dates	Shareholders request the Company disclose, in subsequent annual reporting, strategies and targets to reduce exposure to fossil fuel (oil, gas, coal) assets in line with the climate goals of the Paris Agreement, including the elimination of exposure to thermal coal in OECD countries by no later than 2030.	To approve proposed acquisition by PT Indofood CBP Sukses Makmur Tbk of the total issued share capital of Pinehill Company Limited from Pinehill Corpora Limited and Steele Lake Limited, and related transactions
How the manager voted	For	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	The manager hasn't provided this information		
Rationale for the voting decision	The manager voted for this proposal because they believe the company, and its shareholders, would benefit from a continued focus on long-term strategic planning covering several decades.	The manager voted in favour to encourage NAB to continue to demonstrate leadership on the aforementioned plans and targets. The manager believes the company is taking appropriate action so has not voted against any members of the Board of Directors.	The manager voted against the proposed acquisition due to concerns over the valuation/other terms of transaction and the board's oversight in relation to the inherent conflict of interest and lack of transparency regarding the additional inquiries from the Indonesian regulator on the proposed transaction.
Outcome of the vote	The manager hasn't provided this information		
Implications of the outcome	The manager hasn't provided this information		
Criteria on which the vote is considered "significant"	The manager hasn't provided this information		

BlackRock Aquila Life US Equity Index Funds

	Vote 1	Vote 2	Vote 3
Company name	Exxon Mobil Corporation	Chevron Corporation	Cheniere Energy, Inc.
Date of vote	27 May 2020	27 May 2020	14 May 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager hasn't provided this information		
Summary of the resolution	To require an independent Board Chair	Report on Climate Lobbying Aligned with Paris Agreement Goals	Report on Plans to Address Stranded Carbon Asset Risks
How the manager voted	For	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	The manager hasn't provided this information		
Rationale for the voting decision	The manager believes that the board would benefit from a more robust independent leadership structure.	The manager believes that greater transparency into the company's approach to political spending and lobbying as aligned with their stated support for the Paris Agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.	The manager thought the proposal was too prescriptive and believes that the company should instead prioritise bringing its reporting in line with the recommendations of SASB and the TCFD.
Outcome of the vote	The manager hasn't provided this information		
Implications of the outcome	The manager hasn't provided this information		
Criteria on which the vote is considered "significant"	The manager hasn't provided this information		

BlackRock Aquila Life UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell plc	Barclays Plc	Danske Bank A/S
Date of vote	19 May 2020	7 May 2020	9 June 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager hasn't provided this information		
Summary of the resolution	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	Approve Barclays' Commitment to Tackling Climate Change	Approve Board Remuneration for 2020 and 2021
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	The manager hasn't provided this information		
Rationale for the voting decision	Shell's disclosures are consistent with the manager's expectation of large carbon emitters given their previous history of engagement with the manager on the topic.	The manager voted for the resolution via an independent fiduciary. The independent fiduciary took several factors into consideration when voting on this resolution and determined that the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being.	The board proposed a substantial increase in fees across board positions, for example, as much as 40% for the chairman role and 64% for the vice chairman. While the board decided the new fees would take effect from 1st January 2021 given the COVID-19 pandemic, it still believes the rationale for the proposal on new fees remains relevant. The manager didn't believe that the sizeable increases were warranted across all roles.
Outcome of the vote	The manager hasn't provided this information		
Implications of the outcome	The manager hasn't provided this information		
Criteria on which the vote is considered "significant"	The manager hasn't provided this information		

BlackRock iShares Emerging Markets Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Korea Electric Power Corporation	Top Glove Corporation Bhd.	ČEZ, a. s.
Date of vote	9 November 2020	6 January 2021	29 June 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	The manager hasn't provided this information		
Summary of the resolution	Elect Choi Young-ho as an Inside Director and Member of the Audit Committee	Election of Directors	Approve Remuneration Policy
How the manager voted	For	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	The manager hasn't provided this information		
Rationale for the voting decision	The manager remains concerned about the company's coal projects in Indonesia and Vietnam but voted in favour of the candidate as he is a new nominee and therefore not responsible for KEPCO's past decisions.	The company has been the subject of intense scrutiny over various labour-related and human rights issues in its supply chain since 2018 and the COVID-19 pandemic has exposed severe shortcomings in management and oversight of worker health and safety-related issues. Given the gravity of the situation and the material failure in oversight by the board the manager voted against the re-election of the current members of the Board of Directors.	The manager thought that the policy contained insufficient detail concerning incentives and performance-related elements such as how performance measures are defined or weighted. Moreover, CEZ only provides limited disclosure on award levels for both its short-term and long-term incentive plans.
Outcome of the vote	The manager hasn't provided this information		
Implications of the outcome	The manager hasn't provided this information		
Criteria on which the vote is considered "significant"	The manager hasn't provided this information		

Fund level engagement

Manager	BlackRock Aquila Life Funds (includes currency hedged and unhedged versions where appropriate)				
Fund name	European Equity Index	Japanese Equity Index	Pacific Rim Equity Index	US Equity Index	UK Equity Index
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	448	317	170	611	2,845
Number of engagements undertaken at a firm level in the year	The manager hasn't provided this information				
Examples of engagements undertaken with holdings in the fund	Operational Sustainability, Board Composition & Effectiveness, Climate Risk Management	Corporate Strategy, Governance Structure, Climate Risk Management	Corporate Strategy, Governance Structure, Board Composition & Effectiveness	Climate Risk Management, Operational Sustainability, Human Capital Management	Board Composition & Effectiveness, Climate Risk Management, Corporate Strategy
Examples of companies engaged with	BMW, Deutsche Bank, Heineken	Mitsubishi, Sony Group, Konica Minolta	Samsung, Budweiser, Qantas Airways	Phillips, American Express, Johnson & Johnson	Tesco, BAE Systems, BP Plc

Manager	BlackRock		Insight
Fund name	iShares Emerging Markets Index Fund	Aquila Life Over 5 Year UK Index-Linked Fund	Buy & Maintain Bond Fund
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	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	405	Not supplied	289
Number of engagements undertaken at a firm level in the year	The manager hasn't provided this information		1,218
Examples of engagements undertaken with holdings in the fund	Corporate Strategy, Climate Risk Management, Operational Sustainability	Public policy engagement	ESG strategy discussion, engagement on product recall process, engagement on cost reduction measures, governance and food safety
Examples of companies engaged with	Hyundai, China Overseas Land Investment Ltd, Bank of China	Sovereign Debt Management Offices	BP, Pfizer, Marstons

Sources: Insight, BlackRock

BlackRock Property Fund

The BlackRock Property Fund does not have any voting rights to report on. As per the Scheme's Statement of Investment Principles, the Trustee believes that ESG issues can be financially material to the risk-adjusted returns achieved by BlackRock over the Trustee's intended time horizon for the investment in question. Environmental issues are particularly important when selecting appropriate properties for the property portfolio, and so the Trustee looks to the manager to incorporate environmental issues into their investment process. BlackRock presented to the Trustee with regard to the Property Fund including ESG issues at the 3 December 2020 Trustee Meeting, and the Trustee was satisfied that BlackRock were taking appropriate action and making suitable progress with regard to ESG issues.

Summary

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's stewardship policies. The Trustee is supportive of the key voting action taken by the applicable

fund manager over the period to encourage positive governance changes in the companies in which the manager holds shares.

The Trustee monitors the ESG credentials of the managers they use to access their investment strategy on an annual basis. With the assistance of their investment consultant, the Trustee performed an ESG review of Insight and BlackRock in the 3 December 2020 Trustee Meeting.

The Trustee and their investment consultant are working with the investment managers to provide additional information in the future in order to enhance their ability to assess the investment managers' actions.

**Prepared by the Trustee of the Pension Scheme of the United Kingdom Accreditation Service Pension
June 2021**