

Engagement Policy Implementation Statement (“EPIS”)

Institution of Engineering and Technology Superannuation & Assurance Scheme

The purpose of the EPIS is for us, the Trustees of the Institution of Engineering and Technology Superannuation & Assurance Scheme (the “Scheme”), to explain what we have done during the year ending 31 March 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) 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.

The Scheme’s investment managers were able to disclose good evidence of voting and engagement activity. However, there are areas where we would like to see additional details, as set out in our engagement action plan.

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. The pooled fund arrangements are held in common with other investors, which means that we do not have the ability to decide which securities are invested in, or to direct how the investment managers vote in any specific instance. We have reviewed the stewardship activity of the investment managers and in our view, they were able to disclose adequate evidence of voting and engagement activity. More information on the stewardship activity carried out by the 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. In particular, we received quarterly Environment Social Governance (“ESG”) ratings from Aon for the funds the Scheme is invested in.

During the year, we met with BlackRock who explained their ESG approach and provided details of their engagements with counterparties. The Scheme also made two changes to the portfolio. The BlackRock liquidity holdings were transferred to the BlackRock ICS Sterling Liquid Environmentally Aware Fund (“LEAF”). In addition, the Scheme switched the M&G credit portfolio into a more liquid and sustainable fund. The decision for both was made to better integrate ESG considerations across the Scheme’s portfolio.

The Scheme’s stewardship policy can be found in the SIP:
<https://www.theiet.org/media/10601/iet-superannuation-and-assurance-scheme.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 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 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 and M&G 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. Our investment adviser, Aon, will engage with these managers to better understand their engagement practices and discuss the areas which are behind those of peers.
2. We will invite each of our investment managers to a meeting to get a better understanding of their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.

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 the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for the funds with voting rights for the year to 31 March 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
BlackRock Aquila Life World (Ex UK) Equity Fund (currency hedged)	27,694	92.0%	7.0%	0.0%
BlackRock Aquila Life MSCI World Fund	40,517	94.0%	6.0%	0.0%

Source: Manager.

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 BlackRock uses 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 adviser

BlackRock	Voting decisions are made by members of the BlackRock Investment Stewardship ("BIS") 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 BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process, and they do not blindly follow their recommendations on how to vote. They primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information they use include the company's own reporting (such as the proxy statement and the website), their engagement and voting history with the company, and the views of their active investors, public information and ESG research.
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Source: Manager.

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked BlackRock to provide a selection of what they consider to be the most significant votes. 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 investment 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 fund invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
BlackRock Aquila Life World (Ex UK) Equity fund (currency hedged)	1,578	Not provided	Environment – Biodiversity, Climate Risk Management, Land use and others; Social – Community relations, Diversity, Health and others; Governance – Board composition, effectiveness and diversity, corporate strategy and others.
BlackRock Aquila Life MSCI World Fund	2,971	Not provided	Environment – Biodiversity, Climate Risk Management, Land use and others; Social – Community relations, Diversity, Health and others; Governance – Board composition, effectiveness and diversity, corporate strategy and others.
M&G Alpha Opportunities Fund	11	Not provided	Environment - Climate change; Social - Human and labour rights (e.g. supply chain rights, community relations) and Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying); Governance – Remuneration.

Data limitations

At the time of writing, BlackRock and M&G did not provide firm-level engagement information. We will engage with the managers to encourage improvements in their reporting.

This report does not include commentary on the Scheme's investment in the Aquila Life UK Equity Index Fund, Liability Driven Investment or cash holdings because of the limited materiality of stewardship associated with these asset classes.

Appendix – Significant Voting Examples

In the table below are some significant vote examples 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, some of which are outlined in the examples below.

BlackRock Aquila Life World (Ex UK) Equity Fund (currency hedged)	Company name	The Home Depot, Inc.
	Date of vote	19 May 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 Eliminate Deforestation in Supply Chain
	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 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	The company does not meet our expectations for disclosure of natural capital policies and/or risk.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to engage with the company to provide constructive feedback on how they may consider further enhancing their corporate political activities disclosure, including consolidating portions of the company's disclosure from the proxy statement into the company's web site disclosure and improving investors' ability to navigate to certain referenced information.
	On which criteria have you assessed this vote to be "most significant"?	Given the growing pressures on natural ecosystems on which Home Depot products depend and from which the company derives economic benefits, BlackRock Investment Stewardship (BIS) believe that the company will increasingly face financial risks associated with any negative impacts on forests. Conversely, there could be material business opportunities in taking a more expansive approach.
BlackRock Aquila Life MSCI World Fund	Company name	Barclays Plc
	Date of vote	4 May 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	Approve Barclays' Climate Strategy, Targets and Progress 2022

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 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	BlackRock Investment Stewardship (BIS) supported this proposal in recognition of the company's disclosed climate strategy which includes meaningful short-, medium-, and long-term emissions reduction targets, the company's progress against the commitment laid out in 2020, and the additional enhancements envisioned in their progress report
Outcome of the vote	Pass
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to engage with the company to provide constructive feedback on how they may consider further enhancing their corporate political activities disclosure, including consolidating portions of the company's disclosure from the proxy statement into the company's web site disclosure and improving investors' ability to navigate to certain referenced information.
On which criteria have you assessed this vote to be "most significant"?	As the world transitions over decades to a low-carbon economy, we are interested in hearing from the companies in which our clients are invested how they are assessing and managing the risks and opportunities arising from the decarbonization of the global economy, including the need to adapt their business models and long-term strategies to be less carbon dependent and more climate resilient, while also managing for a just transition

Source: Manager.