IMPLEMENTATION STATEMENT

1st April 2022 –31st March 2023

Cambridge Colleges Federated Pension Scheme

Introduction

This Implementation Statement has been prepared by Cambridge Colleges Superannuation Trustees Limited ("the Trustee") and relates to the Cambridge Colleges Federated Pension Scheme ("the Scheme").

Under the regulatory requirements currently in force (the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended), the Trustee is required to produce an annual Implementation Statement setting out how the policies described in the Scheme's Statement of Investment Principles ("the SIP") have been followed. This statement covers the period from 1st April 2022 to 31st March 2023.

The statement aims to set out at a high level how the Trustee's policy on stewardship and engagement has been implemented over the period. Where relevant, the document describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. Disclosed is also the Trustee's opinion on the outcomes of voting and engagement activity for managers that hold listed equities.

Changes to the SIP over the period

There have been no changes to the SIP over the period. The SIP was last reviewed in 2021.

From 1st October 2022, further Department of Work and Pensions ("DWP") guidance on the reporting of stewardship activities through Implementation Statements came into effect. The Trustee acknowledges this change in guidance, and this statement aims to consider it as the Trustee moves towards meeting the DWP's updated stewardship expectations. The Trustee plans to update the Scheme's SIP during 2023, and next year's Statement will reflect this updated document.

The latest SIP can be found here at the following web address:
https://www.pensions.admin.cam.ac.uk/ccfps/governance-and-accounts

Significance of stewardship in appointment and monitoring of investment managers

The Trustee recognises that good stewardship practices, including engagement and voting activities are important as they help preserve and enhance asset owner value over the long term. Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Scheme's investment managers.

The Trustee expects their investment managers to practise good stewardship. This includes monitoring and engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest, and environmental, social or governance considerations, and using voting rights to affect the best possible long-term outcomes.

The Trustee's investment consultant assesses the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee periodically on the investment managers.

When selecting, monitoring and de-selecting investment managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.

Engagement

The Trustee delegates responsibility for engaging with individual issuers to the Scheme's investment managers. Three examples of this activity are provided in Appendix A.

As part of moving towards the new DWP stewardship expectations, the Trustee plans to consider how best to assess the engagement activities of the Scheme's managers and how best to then engage with the managers where necessary. The Trustee will also set new expectations for the Scheme's managers' engagement activities to ensure they are of sufficient quality.

Voting

The Trustee delegates responsibility for the exercising of rights (including voting rights) associated to investments to the Scheme's investment managers. The Trustee is not aware of any material departures from the managers' stated voting policies. Given the nature of these mandates and the fact that voting activities appear to be undertaken in line with the managers' voting policies, the Trustee is comfortable that the voting policies for the Scheme have been adequately followed over the period.

In a similar way to engagement, in future, the Trustee plans to consider how best to assess the voting activity of the Scheme's managers and how best to then engage with the managers where necessary.

Voting statistics for each of the Scheme's relevant managers, as well as a selection of significant votes cast on behalf of the Scheme over the period are shown in Appendix B.

Due to reasons beyond the Trustee's control, BlackRock was unable to exercise their delegated voting rights for US companies held in the Aquila Life MSCI World Fund during the reporting period. The Trustee's advisor engaged with the manager to understand the issue, and to limit the possibility of this reoccurring in the future. The advisor will monitor progress by the manager to resolve this issue ahead of publishing the Scheme's next annual Implementation Statement.

Except for the issue noted above, it is the Trustee's belief that the policies set out in the SIP regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments has been followed over the period.

Looking ahead

Over the next year, the Trustee plans to consider how best to meet the DWP's new expectations on stewardship and move to take more ownership of stewardship, as the new guidance expects. Changes to the Trustee's approach will be taken with regard to the Scheme's governance constraints and the in the best interest of the Scheme's members.

Appendix A – Examples of engagement activity over the period

The Trustee expects the nature of engagement to vary between asset classes. The Trustee also believes engagement can take place across the Scheme's investments, and is not restricted to equity investments. With this in mind, below are two examples of engagement within the credit and property asset classes.

References to "we", "us" and "our" in these sections refer to the relevant investment manager, rather than the Trustee.

RLAM – direct engagement (Credit)

Company: HSBC
Focus of engagement: Incorporation of Just Transition Policy into Climate Transition Plan

Details of engagement: RLAM provided detailed feedback on HSBC's energy policy which prevents HSBC from financing new oil and gas exploration activities and any activity in the most polluting and sensitive types of oil and gas, including oil sands, heavy crudes, deep water, Arctic and Amazon.

Outcome of engagement: Following feedback, HSBC improved its definitions for 'existing' and 'new' oil fields and clarified wording of the commitment. The notion of Just Transition is incorporated as one of HSBC's three policy objectives: 'support a just and affordable transition, recognising the local realities in all the communities we serve'. Just Transition was also included as a factor when assessing oil & gas clients climate plans. RLAM asked the bank to change wording from 'consideration' of Just Transition principles to 'integration' or 'application' of Just Transition principles, but HSBC did not address this request.

AXA – collaborative engagement (Property)

Details of engagement: Tenant discussions as part of energy audit process. Collaboration with property manager (CBRE) to engage with tenants of 21 assets covering 3pprox.. 55% of assets in the fund. Discussions were centred around requirement to increase/ improve consumption data coverage to inform energy audit recommendations, with the goal of creating opportunities to reduce energy consumption.

Outcome of engagement:

- **Improved Tenant Engagement –** Discussions with tenants on feasibility of carrying out recommendations proposed in the energy audits;
- **Delivery of Energy Audits –** We received energy audits tailored specifically to each asset with a set of recommendations for implementation; and
- **Encouraging Energy Optimisation –** Exploring opportunities to optimise energy consumption Hosting discussions with tenants to introduce "green leases" that incite tenants to share their consumption data".

Appendix B – Summary of voting activity over the period

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. Financially material considerations include (but are not limited to) those arising from Environmental, Social and Governance considerations, including climate change. Given that the most of the Scheme's assets are invested with investment managers that hold gilts, derivative instruments or corporate bonds in their portfolios, or are invested in property funds, voting is only relevant to the BlackRock Aquila Life MSCI World Fund and GQG Emerging Markets Equity Fund.

A summary of voting by BlackRock and GQG on behalf of the Scheme covering the period 1st April 2022 to 31st March 2023 is provided in the table below.

Note: References to "we", "us" and "our" in these sections refer to the relevant investment manager, rather than the Trustee.

1 April 2022 – 31 March 2023	BlackRock Aquila Life MSCI World Fund	GQG Emerging Markets Equity Fund
Value of Trustee's assets (as at 31 March 2023)	£62.0m	£12.3m
How many meetings were you eligible to vote at?	931	93
How many resolutions were you eligible to vote on?	14,092	1,073
What % of resolutions did you vote on for which you were eligible?	88%	96%
Of the resolutions on which you voted, what % did you vote with management?	93%	88%
Of the resolutions on which you voted, what % did you vote against management?	6%	9%
Of the resolutions on which you voted, what % did you abstain from?	0%*	5%
In what % of meetings, for which you did vote, did you vote at least once against management?	29%	45%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	We use Institutional Shareholder Services' (ISS) electronic platform to execute our vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, we work with proxy research firms who apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision.	To augment our independent research, we use Institutional Shareholder Services Inc. ("ISS") as an additional source of information to guide our voting. While we find ourselves voting with ISS on the majority of issues, we do not blindly follow their lead and will vote against their recommendations when we deem it necessary.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0%	2%

* Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

Significant votes

The following tables provide three examples of significant votes for each relevant manager. In practice, the managers vote on a wider range of topics than the examples listed below. The significance of a vote is determined by the individual investment manager's criteria which may include (but not limited to) the size of the holding and the resolution being a shareholder proposal.

In the following tables we show the 'most significant' votes for BlackRock and GQG over the period (1st April 2022 – 31st March 2023):

BlackRock
"BIS" refers to the Blackrock Investment Stewardship team.

Company name	Rio Tinto Group	Woodside Petroleum	Bank of Montreal
Date of vote	8th April 2022	19th May 2022	13th April 2022
Summary of the resolution	Approve Climate Action Plan	Approve the Climate Report	Adopt a Policy to Ensure the Bank's Financing is Consistent with the International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario
Manager's vote	For	For	Against
Outcome of the vote	Pass	Pass	Fail
Rationale for the voting decision	The group's climate action plan, targets, and disclosures are consistent with what we look for and, in our assessment, demonstrate management and board responsiveness to shareholder feedback.	The report incorporates shareholder feedback, including BlackRock's, and provides long-term investors insight into the company's actions to date and plans to become net zero by 2050 or sooner.	BIS did not support this shareholder proposal because it is overly prescriptive, unduly constraining on management and board decision-making, and would limit the company's ability to support an orderly energy transition

GQG

Company name	Vale SA	ExxonMobil Corporation	Petroleo Brasileiro SA
Date of vote	13th April 2022	25th May 2022	13th April 2022
Summary of the resolution	Elect Jose Luciano Duarte Penido as Independent Director	Set GHG Emissions Reduction targets Consistent With Paris Agreement Goal	Elect Luiz Rodolfo Landim Machado as Board Chairman
Manager's vote	Against	For	Against
Outcome of the vote	Pass	Fail	Fail
Rationale for the voting decision	Votes AGAINST board chair Jose Luciano Duarte Penido are warranted given that the chair of the board ultimately shoulders the most responsibility amongst all board members for failing to effectively supervise the management of risks to the company and its shareholders	A vote FOR this proposal is warranted, as additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks.	A vote AGAINST this nominee is warranted given that Luiz Rodolfo Landim Machado was indicted in 2021 due to allegations of fraudulent management in a case that caused losses to the pension fund of Petrobras' employees, raising corporate governance concerns.