

# Students' Union Superannuation Scheme

Annual report for the year ended 30 June 2021

Scheme Registration Number 10149211

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## The Trustees' Report

### Introduction

This Report relates to the operation of the Students' Union Superannuation Scheme ("the Scheme") during the year ended 30 June 2021.

The Scheme was a contracted-out salary related pension arrangement and provides its members with retirement benefits. This type of arrangement is also known as a defined benefits arrangement. Up until 30 September 2003 the Scheme provided a pension of 1/60<sup>th</sup> of final pensionable earnings for each year of pensionable service. From 1 October 2003 the Scheme changed to a career average structure where members built up a slice of additional pension based on their earnings during the year. On 1 October 2011 the Scheme closed to future accrual. Normal contributions have ceased and only deficit reduction contributions continue to be paid.

Before 1 October 2011 members were able to make additional voluntary contributions (AVCs) to secure additional benefits. The Scheme also covered members for death benefits before this date.

Full details of the Scheme's benefits can be found in the member's explanatory booklet (see "Contact for further information" on page 4).

### Management of the Scheme

The names of the Trustees of the Scheme who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated / appointed by	Year of appointment / resignation
Peter David Shilton Godwin	Member	1995 (re-appointed 2021)
Richard Hugh Orme Boyes	Member	2007 (retired May 2021)
Ross Trustees Services Limited	Independent	2014
David Malcolm	Employer	2014 (resigned 29 September 2020)
Nick Gash	Member	2018
Mark Frederick Crook	Employer	2020 (appointed 15 July 2020)
Ben Ward	Employer	2021 (appointed April 2021)

The Scheme Rules contain provisions for the appointment and removal of the Trustees. The Scheme requires between two and seven Trustees together with a corporate Trustee. Three Trustees must be elected from the constituent employers of the Scheme and two must be elected from the individual membership of the Scheme. The Trustees serve for a term of six years. This arrangement has been approved by a ballot of the members in accordance with the Pensions Act 1995 and operates with the agreement of the National Union of Students as the Principal Employer named in the Trust Deed.

The Trustees are responsible for the administration and investment policy of the Scheme. The Trustees held four full meetings during the year under review. Each Trustee is entitled to receive at least ten days' notice of meetings, although in practice dates are normally fixed well in advance.

The Scheme Rules provide that decisions of the Trustees may be made by a majority of the Trustees present at any meeting and the Chairman has a casting vote.

The Trustees have delegated the day-to-day management and operation of the Scheme's affairs to professional organisations.

### Changes to Scheme Rules

No changes were made to the Scheme Rules during the year:

## The Trustees' Report (Cont)

### The Principal Employer

The Principal Employer is the National Union of Students of the United Kingdom.

### Scheme advisers

The Trustees retain a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

<b>Scheme Actuary</b>	Paul Hamilton FIA
<b>Advising Actuaries</b>	Barnett Waddingham LLP
<b>Independent Auditor</b>	RSM UK Audit LLP
<b>Investment Managers</b>	Standard Life Investments (full disinvestment 21 September 2020) Ruffer LLP (full disinvestment 2 November 2020) Baring Asset Management (full disinvestment 18 May 2021) Partners Group (Guernsey) Limited Janus Henderson Investors Insight Investment Management (Global Limited) Legal and General Investment Management (via Mobius Investment Platform from 27 November 2020) Baillie Gifford Asset Management (via the Mobius Investment Platform from 3 November 2020) Schroders Investment Management (via the Mobius Investment Platform from 26 May 2021)
<b>Custodians</b>	Northern Trust
<b>Legal Advisers</b>	Osborne Clarke LLP
<b>Administrator of the Scheme benefits</b>	Barnett Waddingham LLP
<b>Bankers</b>	Lloyds TSB
<b>Secretary to the Trustees</b>	Ross Trustees Services Limited

### Changes in and other matters relating to Scheme advisers

There have been no other changes to Scheme advisers during the Scheme year under review.

### Scheme Audit

The financial statements on pages 22 to 34 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

## The Trustees' Report (Cont)

### Financial development of the Scheme

During the year the value of the net assets increased by £7,544,239 to £142,384,716 as at 30 June 2021. The increase comprised net additions from dealings with members of £756,976 together with an increase from the net return on investments of £6,787,263.

### Tax status of Scheme

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustees' knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn.

### Scheme membership

	Number as at start of year	Changes in year	Number as at end of year
Preserved pensioners	1,381		
adjustment		(3)	
retired (trivial commutation)		(3)	
retired (small lump sum)		(2)	
retired		(46)	
		<hr/>	
		(54)	1,327
Pensioners and dependants	1,036		
adjustment		2	
new pensioners		46	
new dependants		9	
died		(23)	
small lump sum		(2)	
		<hr/>	
		32	1,068
Grand total members	<hr/>		<hr/>
	2,417		2,395

Not included within the pensioner and dependants above are 127 (2020: 148) members whose pensions are settled by annuity policies held in the name of the Trustees.

The member numbers shown above reflect the number of member records held by the Scheme. The adjustments referred to in the table above are in respect of late notifications of movements.

### Transfer values

A cash equivalent is the amount which a Scheme member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

### Pension increases

During the year pensions have been increased in accordance with the Scheme Rules with no discretionary benefits provided.

### Codes of Practice

The Trustees are aware of and adhere to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

## The Trustees' Report (Cont)

### GMP equalisation

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. However, at this stage the Trustees and Employer have not agreed the equalisation methodology to be used and therefore the Trustees are not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustees are able to reach reliable estimate. Further details are disclosed in Note 23 of the financial statements.

### The Pensions Regulator: Record Keeping

The Pensions Regulator issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the trustees) and those who administer pension schemes. The guidance covers both common data and also conditional data (the data that is used to calculate benefits and is therefore scheme specific). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded. More information can be found at:

<http://www.thepensionsregulator.gov.uk/guidance/guidance-record-keeping.aspx>

### Contact for further information

If, as a Scheme member, you wish to obtain further information about the Scheme, including copies of the Scheme documentation, your own pension position or who to contact in the event of a problem or complaint, please write to, or telephone:

The Students' Union Team, Barnett Waddingham LLP, St James's House, St James's Square, Cheltenham, GL50 3PR Or telephone 0333 11 11 222 Alternatively you may contact the Scheme administrators online at: <https://logon.bwebstream.com/shared/contact>

## The Trustees' Report (Cont)

### Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- ) show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- ) contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

## The Trustees' Report (Cont)

### Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, the Scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to at the valuation date. This is assessed using the assumptions agreed between the Trustees and the employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 30 June 2019. This showed that on that date:

The value of the Technical Provisions was: £260.0 million

The value of the assets was: £119.1 million

Therefore the Scheme had a funding deficit of £140.9 million corresponding to a funding level of 46%.

Since 30 June 2019, two annual funding updates have been carried out. These showed that the estimated funding level fell to 45% as at 30 June 2020 but had risen to 51% as at 30 June 2021.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

#### **Method**

The actuarial method to be used in the calculation of the Technical Provisions is the Projected Unit Method.

#### **Actuarial assumptions – The key assumptions used are:**

##### **Inflation**

By looking at the cost of investing in Government bonds with payments linked to inflation compared to the cost of investing in Government bonds not linked to inflation, it is possible to arrive at a figure for the average market view of future price inflation. This will then be compared to the latest Treasury targets for inflation in the UK, when deriving the assumption to use.

The assumed rate of pension increases is set taking into account the inflation assumption and also any limit on the rate of increase.

##### **Discount rate**

The discount rate will normally be determined by the Trustees taking into account professional advice in relation to market indicators available at the valuation date, the long-term strategic asset allocation, the liability profile of the Scheme, and the perceived strength of the employer covenant. However, if the Trustees have material concerns over the strength of the employer covenant the discount rate may need to be determined looking solely at the yield available on gilts and other low risk asset classes.

The return on Government bonds will be taken as a suitable market index yield.

As a proportion of the Scheme's funds are invested in assets such as equities which would be expected to outperform Government bonds over the long term, an allowance will be made for this in the discount rate. The allowance will be determined by the Trustees based on information provided by their professional advisers.

##### **Mortality**

The rates of mortality assumed will reflect information published by the Continuous Mortality Investigation deemed most relevant to the membership of the Scheme, with allowance for expected future improvements in longevity.



## The Trustees' Report (Cont)

This assumption may be adjusted on the advice of the Scheme Actuary or in the light of evidence relating to the actual mortality experience of the Scheme, the industry in which the members work, or the distribution of pension payment amounts.

### **Retirement**

Members will be assumed to retire at the earliest age at which they can take their benefit without an actuarial reduction applying.

### **Member options**

If the Trustee considers it to be appropriate, allowance may be made for member options such as commuting pension for cash at retirement or taking early retirement.

### **Dependant details**

Assumptions regarding the proportion of members with a dependant at death and the age difference between males and females will be set taking into account advice from the Scheme Actuary and the experience of the Scheme.

The financial statements on pages 21 to 33 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Scheme Actuary considers the funding position of the Scheme and the level of contributions payable.

## Investment managers

The Scheme's trust deed and rules permit the Trustees to delegate the task of investment management to outside experts. Janus Henderson Global Investors, Legal and General Investment Management, Partners Group, Baillie Gifford Asset Management, Schroder Investment Management and Insight Investment Management are professional external investment managers and have taken full responsibility for investing the Scheme's assets. The Trustees set the investment strategy for the Scheme after taking advice from the Scheme's investment adviser. The Trustees have put in place a mandate with their investment managers which implements this strategy. The investment managers are remunerated by fees based on a percentage of funds under management, and these fees are met by the Scheme. The Scheme's investment with Partners Group is subject to a performance-related fee. There are no performance-related fee arrangements who charge a percentage of the difference between the NAV per unit and a specified 'high water mark'.

When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4) as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and Occupational Pension Schemes (Investment and Disclosure) (Amendments) Regulations 2019.

Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 requires that the Trustees' duties also include:

- ) Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- ) Voting and corporate governance in relation to the Scheme's assets.

The Trustees' policies in relation to these duties are set out in the Scheme's Statement of Investment Principles (SIP). Although these are the Trustee's duties in the first instance, the Trustee has delegated these duties to the Scheme's investment managers.

## Statement of Investment Principles

The Trustees have produced a Statement of Investment Principles ("SIP") as required by section 35 of the Pensions Act 1995 and a copy of the statement is available online (<https://schemedocs.com/SUSS-statement-investment-principles.html>). The statement in effect at the date of these accounts was dated August 2020. This latest Statement incorporates the new regulations regarding the Trustee's policies on Environmental, Social and Governance (ESG) considerations, including climate change, voting rights and investment manager incentives

## Departures from investment principles

During the year under review, there were departures from investment principles as significant strategy changes were made. As at the effective date of the accounts, the Scheme's investment strategy is in line with its Statement of Investment Strategy, which was updated in March 2021 to reflect the strategy changes made over the year. A further update was made to the Statement of Investment Strategy following the period under review, dated August 2021.

## Investment strategy

### Changes to investment strategy over the year to 30 June 2021

There were a number of changes to the investment strategy over the year to 30 June 2021. These changes are summarised below.

- ) The Scheme's hedging level was increased from 39% to 45% on the Scheme's Technical Provisions with six monthly increases of 1% between June and December 2020 (no increase took place in September). The hedging level was further increased in March 2021 to 49% following a sharp increase in yields.
- ) The Scheme completely disinvested from the Aberdeen Standard Investments Pooled Property Fund in September 2020. Some of the proceeds were retained to cover outgoings, with the rest subsequently invested into the Baille Gifford Multi Asset Growth Fund in November 2020
- ) The Scheme completely disinvested from the Ruffer Absolute Return Fund over two transfers in July 2020 and November 2020. The proceeds of these disinvestments were invested into the Partners Fund and Baillie Gifford Multi-Asset Growth Fund in July 2020 and November 2020 respectively.
- ) The Scheme switched its holding in the range of LGIM Passive Equity funds into a range of LGIM Future World funds, which have a stronger focus on ESG considerations in November 2020.
- ) The Scheme completely disinvested from the Barings Dynamic Asset Allocation Fund in April 2021, ahead of the Fund's closure on 30 June 2021. The proceeds of this disinvestment were transferred to the Schroders Diversified Growth Fund and Baillie Gifford Multi-Asset Growth Fund.

After the year under review, the Trustees agreed to implement funding based triggers to increase the level of hedging with Insight. Under this framework, Insight would notify Barnett Waddingham, as the Schemes investment consultant, once the funding level exceeds a series of pre-specified targets. At which point, following agreement from Barnett Waddingham, Insight would action a pre-agreed increase to the hedging level in place via the LDI portfolio.

### Strategy at 30 June 2021

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the Trust Deed and Rules as they fall due. The Trustees set the investment strategy for the Scheme taking into account considerations such as the strength of the employer covenant, the long term liabilities of the DB section and the funding agreed with the Employer. The investment strategy is set out in the Scheme's Statement of Investment Principles (SIP) and dated August 2020 and the most recent update to the Statement of Investment Strategy dated August 2021.

The current strategy is to hold:

- ) 49% in investments that move broadly in line with the value of the long-term liabilities of the Scheme. Part of this investment is in LDI and comprises of UK government bonds (gilts), gilt repurchase agreements, interest rate swaps and cash instruments. The purpose of these assets is to hedge against the impact of interest rate movement on long term liabilities. This part of the portfolio also incorporates holdings in a Multi-Asset Credit Fund, Global Asset Backed Securities Fund.
- ) 51% in return seeking investments comprising UK and overseas equities, Diversified Growth Funds, Multi Asset Credit and alternatives.

## The Trustees' Report (Cont)

Over the year to 30 June 2021, a number of changes were made to the funds held. The Scheme fully disinvested from:

- ) Ruffer Absolute Return Fund
- ) Barings Dynamic Asset Allocation Fund
- ) Aberdeen Standard Life Pooled Property Pension Fund
- ) The range of passive regional equity funds held with Legal & General

In addition, the Scheme introduced the following into the portfolio over the year to 30 June 2021:

- ) Baillie Gifford Multi-Asset Growth Fund
- ) Schroders Diversified Growth Fund
- ) A range of passive regional Future World equity funds held with Legal & General

## Performance

The Scheme's portfolio returned 4.8% over 12 months to 30 June 2021. The table below sets out the investment returns of the Scheme's asset over 1 and 3 year periods to 30 June 2021:

	1 Year (% p.a.)		3 Years (% p.a.)	
	Fund	Benchmark	Fund	Benchmark
L&G Equities <sup>1</sup>	26.0	25.8	8.7	8.7
Standard Life UK Property <sup>2</sup>	0.3	0.2	-1.5	0.3
Ruffer Absolute Return Fund <sup>3</sup>	-0.7	0.0	1.9	0.4
Barings Dynamic Asset Allocation Fund <sup>4</sup>	14.4	3.6	3.6	4.4
Henderson Multi Asset Credit Fund	8.3	5.1	3.9	5.6
Insight Global ABS <sup>5</sup>	5.0	1.7	n/a	n/a
Insight LDI	-23.5	-22.8	14.9	15.4
Partners Fund	21.2	8.0	11.2	8.0
Baillie Gifford Multi Asset Growth Fund <sup>6</sup>	9.0	2.1	n/a	n/a
Schroder Life Intermediated Diversified Growth Fund <sup>7</sup>	1.4	2.1	n/a	n/a
Total	4.8	n/a	7.1	n/a

<sup>1</sup> The composition of the equity portfolio changed over the year to include funds from the L&G Future World Fund range which have an element of ESG consideration.

<sup>2</sup> Performance for Standard Life UK Property is shown until disinvestment on 22 September 2020. Periods less than one year are not annualised

<sup>3</sup> Performance for Ruffer Absolute Return Fund is shown until disinvestment on 2 November 2020, and so the period covered by the performances are shorter than 1 year and 3 years.

<sup>4</sup> Performance for Barings Dynamic Asset Allocation Fund is shown until disinvestment on 18 May 2021, and so the period covered by the performances are shorter than 1 year and 3 years. This Fund closed on the 30 June 2021.

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<sup>5</sup> Performance for Insight Global ABS Fund is shown since inception on 22 January 2019, and so the performance over three years is not shown.

<sup>6</sup> Performance for Baillie Gifford Multi Asset Growth Fund is shown since inception on 3 November 2020. Therefore, performance over less than one year is not annualised, and performance over three years is not shown.

<sup>7</sup> Performance for Schroder Life Intermediated Diversified Growth Fund is shown since inception on 26 May 2021. Therefore, performance over less than one year is not annualised, and performance over three years is not shown.

### Policy on financially material considerations

The Trustees believe that Environmental, Social and Governance ("ESG") factors, including but not limited to climate change, are financially material for the Scheme over the length of time in which the Scheme will be required to make benefit payments to members. This is likely to be no less than five years from the date of the Statement of Investment Principles.

The Trustees have received training from their investment consultant on ESG factors. The Trustees considered the research findings presented at this training to form their views on the financial materiality of ESG factors as they apply to the Scheme's current investments.

The Trustees have elected to invest the Scheme's assets predominantly in pooled funds. The choice of underlying funds is made by the Trustee after taking advice from their investment consultant. The Trustees, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustees take those factors into account in the selection, retention and realisation of investments as follows:

**Selection of investments:** The Trustees will assess the investment managers' ESG integration credentials and capabilities, including stewardship, as part of the manager selection process for appointing any new investment manager or investment fund.

**Retention of investments:** The Trustees will monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.

**Realisation of investments:** The Trustees will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments from time to time.

The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- ) The Trustees will obtain ad-hoc training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- ) As part of ongoing monitoring of the Scheme's investment managers, the Trustees will use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- ) Through their investment consultant, the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an ad-hoc basis.

## The Trustees' Report (Cont)

### Replacing funds and managers

If any significant ESG integration related issues are identified with any of the investment managers, the Trustees may choose to replace them. However, as per the appointment of funds and managers, the investment manager's shortcomings in this area will not necessarily be seen as sufficient reason for replacement and will not necessarily take precedence over consideration of other factors.

The Trustees appreciate that the method of incorporating ESG in the investment strategy and process will differ between asset classes. A summary of the Trustees' view for each asset class in which the Scheme invests is outlined below:

### Passive equities

The Trustees believe that ESG issues have the potential to be financially material to the risk-adjusted returns achieved by the Scheme's passive equities.

The Trustees accept that the fund manager must invest in line with the specified index and, therefore, may not be able to disinvest even if they have concerns relating to ESG. The Trustees therefore require that the fund managers take into account ESG considerations by engaging with companies and by exercising voting rights. However, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

The Scheme's current passive equity manager, LGIM, is a large and long-term investor, and engages with companies (including those in the indices that the Scheme invests in) on matters including wider ESG factors and climate change on a regular basis.

The Trustees have elected to invest the Scheme's passive equity portfolio in LGIM's Future World range of funds, which track ESG-tilted indices provided by Solactive.

### LDI and cash funds

The Trustees do not believe there is significant scope for ESG issues to improve risk-adjusted returns within the Scheme's LDI and cash holdings.

### Actively managed funds

The Trustees believe that ESG factors have the potential to be financially material to the risk-adjusted returns achieved by the Scheme's active holdings. The managers are expected to therefore consider all financially material considerations, including but not limited to ESG factors, when managing the funds.

### Policy for taking into account non-financial matters

The Trustee does not take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

However, the Trustee does expect its investment managers to select investments that would have a beneficial impact on each of the above factors, all other considerations being equal.

### Policy on the exercise of voting rights

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. In doing so, the Trustees expects that the investment managers will use their influence as major institutional investors to exercise the Trustees'

## The Trustees' Report (Cont)

rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant, monitor and review the information provided by the investment managers. A summary of each investment manager's engagement and key votes will be summarised in their annual Implementation Statement contained within the Scheme's Accounts. Where possible and appropriate, the Trustees will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

Baillie Gifford, Janus Henderson and Legal & General are all signatories to the latest UK Stewardship Code or equivalent, however Partners Group, Insight and Schroders are not. Although Partners are not a signatory to the UK Stewardship Code, they do have policies in place that serve a similar purpose and we view as appropriate to the markets in which they invest. Both Schroders and Insight applied to be a signatory for the latest UK Stewardship Code, but were not successful. Schroders state this is due to the format of their submission rather than its contents. Both Schroders and Insight intend to resubmit their application in October 2021.

### Stewardship, engagement and other rights

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.



## The Trustees' Report (Cont)

The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee, investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented.

## Economic and market conditions over the year to 30 June 2020

### Economic environment

Strongly positive returns from most asset classes over the 12 months to 30 June 2021 reflect a period of recovery from the worst phase of the COVID-19 pandemic. In the first half of the period the pandemic still dominated the global economic outlook, but by 2021, signs of recovery had begun to appear as a result of successful vaccination programmes and an unprecedented level of fiscal and monetary policy stimulus.

The early phase of the pandemic and consequent lockdowns had resulted in a market crash during March 2020, in which global equity markets fell 32% below the pre-pandemic peak and government bond yields reached new all-time lows. This reflected the economic damage the pandemic, and responses to it, had inflicted on the global economy. The IMF, which had forecast global GDP growth of 3.3% in its January 2020 report, ended up recording growth of -3.2% over 2020, marking the largest global recession since the Second World War.

In response central banks cut interest rates to, or close to, zero and restarted asset purchase programmes on a grand scale. Governments also increased fiscal policy support to unprecedented levels. As a result, by 30 June 2020 equity markets had already recovered most of their losses during the previous quarter. However, uncertainty remained high in the second half of 2020 as most countries were forced to reintroduce stricter lockdown restrictions in an attempt to slow the spread of the disease.

The final quarter of 2020 also marked the end of two long-running political sagas. On Christmas Eve, the UK and EU reached agreement on the terms of the future relationship, allowing the UK to complete the exit from the EU with a deal. As a result sterling ended the year at its highest level since early 2018. In the US, the presidential election eventually ended with a victory for Joe Biden over Donald Trump and Democrat control of both the House of Representatives and the Senate. This allowed the US to pass a larger than expected further stimulus package on top of the nearly \$4 trillion already provided by that country since the beginning of the pandemic. This latest package consisted of \$1.900 trillion, including direct payments of \$600 to most citizens. In total the US stimulus efforts during the pandemic summed to nearly 25% of pre-pandemic GDP. Other countries also extended fiscal support measures, albeit on a smaller scale. For example, the UK extended the Job Retention Scheme, commonly referred to as "furlough", until September 2021.

The second wave of lockdowns did not have the same negative effect on markets as the first. This was partially because of ongoing fiscal and monetary stimulus measures but also because, on 9 November, the first vaccine completed trials showing an efficacy of more than 90%. This helped markets look through the increased restrictions to an eventual end to the pandemic. Multiple vaccines eventually gained approval and the vaccine rollout began in December. The programme picked up speed over the first half of 2021 and by the end of the period 3.1 billion vaccine doses had been administered worldwide.

The vaccine rollout and stimulus measures caused the IMF to upgrade its outlook for the recovery and by the end of the period it was predicting 6% global growth in 2021. The global recovery, combined



## The Trustees' Report (Cont)

with ongoing fiscal and monetary support helped equity markets reach new all-time highs. Global equities surpassed their pre-pandemic peak on 26 August 2020 and had risen a further 25% by 30 June 2021.

The same factors also led to increased global demand and in some sectors this combined with supply disruption resulting from the pandemic to cause a sharp rise in prices. Commodities such as oil and copper rose by 82.4% and 67.4% respectively over the 12 months to 30 June 2021. A wide range of other goods including lumber, semiconductors and used cars also experienced a similarly sharp increase in prices over the period. As a result inflation began to rise globally. In the UK, CPI inflation failed to rise faster than 1% for the first nine months of the period but by June 2021 was running at 2.5%, the highest level since 2018. In the US CPI inflation reached as high as 5.3% in June 2021, the highest level since 2008.

The 12 months to 30 June 2021 saw all major central banks loosen monetary policy.

- J The European Central Bank kept its main lending rate at 0.0% throughout the period. It also continued to expand the pace of asset purchases in December 2020, adding an extra €500 billion of asset purchases to the Pandemic Emergency Purchase Programme. Over the 12 months to 30 June 2021, the ECB's total purchases totalled €1.1 trillion.
- J The Bank of England maintained the base rate at 0.1% throughout the period. Over the period the BoE purchased a total of £347 billion of government bonds and £9.5 billion of corporate bonds.
- J The Federal Reserve maintained the Federal Funds Rate within the range 0.00% to 0.25% throughout the period. The Fed sharply increased the size of its balance sheet purchasing around \$1.1 trillion of assets over the 12 months to June 2021 in response to the COVID-19 pandemic.

## Market Performance

Against this backdrop, market returns from traditional asset classes were largely positive in absolute terms over the year to 30 June 2021.

- J **Equities:** Overall, global equities produced positive total returns over the year to 30 June 2021, rising by 37.3% in local currency terms. There were noticeable differences in performance between geographical regions over the period. The best performing region (in local currency terms) was North America (41.8%) and worst was the UK (21.5%).

The Scheme is exposed to equities through its investments with L&G, Baillie Gifford, Schroders and Partners.

- J **Bonds:** Over the year to 30 June 2021, UK gilt yields rose across all maturities. The net impact was a negative return (-6.2%) for UK fixed interest gilts (all stocks). UK index-linked gilts (all stocks) also delivered a negative return (-4.0%) over the year. UK corporate bond spreads (all stocks) tightened by around 0.6% over the year, as markets recovered from the significant volatility at the start of the period.

The Scheme is exposed to bonds through its investments with Schroders, Baillie Gifford, Henderson and Insight.

- J **Property:** The MSCI UK All Property Index fell by 2.6% over the 12 months to 30 June 2020. This number is likely to overstate property performance over the year because of the illiquid

## The Trustees' Report (Cont)

nature of the asset class. The high level of uncertainty resulted in most property funds closing to redemptions as they were unable to provide an accurate valuation during the pandemic.

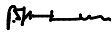
- ) The Scheme is exposed to property through its investments with Schroders, Baillie Gifford and Partners  
Approval of Trustees' Report

This Report was approved by the Trustees on

Date: 26/01/22

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Signed on behalf of the Trustees:



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Trustee



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Trustee

# Independent Auditor's Report to the Trustees of the Students' Union Superannuation Scheme

## Opinion

We have audited the financial statements of The Students' Union Superannuation Scheme for the year ended 30 June 2021 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ) show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2021, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- ) have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ) contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial documents, we have concluded that the Scheme's Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Scheme's Trustees with respect to going concern are described in the relevant sections of this report

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Scheme's Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the

course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 5, the Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- ) obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Scheme operates in and how the Scheme is complying with the legal and regulatory framework;
- ) inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- ) discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are Pensions Act 1992 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Scheme's Trustees as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

**RSM UK Audit LLP**  
**Statutory Auditor**  
**Chartered Accountants**

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Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

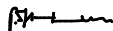
**Date:** 27/01/22

## Summary of contributions payable in the year

During the year, the contributions payable to the Scheme by the Employer under the Schedules of Contributions were as follows:

	£
Employer deficit funding contributions	7,578,752
PPF Levy	1,093,689
<b>Contributions payable under the Schedules of Contributions</b>	<b>8,672,441</b>
<b>Contributions not payable under the Schedules of Contributions</b>	
Additional contributions	12,166
Total contributions paid in the year in accordance with the Schedules of Contributions as reported on by the Scheme auditor and as reported in the accounts	<b>8,684,607</b>

Signed on behalf of the Trustees:



Trustee



Trustee

Date: 26/01/22

## Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the Students' Union Superannuation Scheme

### Statement about contributions payable under Schedule of Contributions

We have examined the Summary of Contributions payable to the Students' Union Superannuation Scheme on page 19, in respect of the Scheme year ended 30 June 2021.

In our opinion, the contributions for the Scheme year ended 30 June 2021 as reported in the attached Summary of Contributions on page 19 and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the actuary on 28 June 2017 and 21 September 2020.

### Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 19 in the attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

### Respective responsibilities of Trustees and auditor

As explained more fully on page 5 in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

### Use of our statement

This statement is made solely to the Scheme's Trustees as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

*RSM UK Audit LLP*

**RSM UK Audit LLP**  
**Statutory Auditor**  
**Chartered Accountants**

Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

**Date:** 27/01/22

# The Financial Statements

## Fund Account

for the year ended 30 June 2021

	Note	30 June 2021 £	30 June 2020 £
<b>Contributions and benefits</b>			
Employer contributions		8,684,607	6,982,786
<b>Total contributions</b>	4	8,684,607	6,982,786
<hr/>			
Benefits paid or payable	5	(5,841,509)	(6,390,619)
Payments to and on account of leavers	6	-	(49,435)
Administrative expenses	7	(2,086,122)	(2,262,103)
		(7,927,631)	(8,702,157)
<hr/>			
<b>Net additions \ (withdrawals) from dealings with members</b>		756,976	(1,719,371)
<hr/>			
<b>Returns on investments</b>			
Investment income	8	3,642,289	5,809,065
Change in market value of investments	9	3,350,046	6,496,923
Investment management expenses	10	(205,072)	(379,399)
Taxation	11	-	(3,670)
<b>Net returns on investments</b>		6,787,263	11,922,919
<hr/>			
<b>Net increase in the fund during the year</b>		7,544,239	10,203,548
<hr/>			
<b>Net assets of the Scheme</b>			
<b>At 1 July</b>		134,840,477	124,636,929
<b>At 30 June</b>		142,384,716	134,840,477

The notes on pages 24 to 34 form part of these financial statements.



## The Financial Statements (Cont)

### Statement of Net Assets

available for benefits as at 30 June 2021

	Note	30 June 2021	30 June 2020
		£	£
<b>Investment assets:</b>	9		
Equities	9	-	2,600,906
Bonds	9	-	4,253,228
Pooled investment vehicles	12	136,274,585	112,910,322
Insurance policies	15	4,576,187	5,425,124
AVC investments	14	232,609	256,111
Cash	9	32,602	8,675,078
Other investment balances	9	-	15,467
		141,115,983	134,136,236
<b>Investment liabilities:</b>			
Derivatives	13	-	(68,154)
<b>Total net investments</b>		141,115,983	134,068,082
<b>Current assets</b>	19	1,494,960	998,186
<b>Current liabilities</b>	20	(226,227)	(225,791)
<b>Net assets of the Scheme at 30 June available for benefits</b>		142,384,716	134,840,477

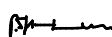
The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme is dealt with in the Report on Actuarial Liabilities on pages 6 to 7 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 34 form part of these financial statements.

These financial statements were approved by the Trustees on

Date: 26/01/22

Signed on behalf of the Trustees:



Trustee



Trustee

# Notes to the Financial Statements

## 1. Basis of preparation

The individual financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the guidance set out in the Statement of Recommended Practice (Revised 2018).

### Conclusion of Going Concern

The Trustees have prepared the financial statements on a going concern basis.

In doing so, the Trustee notes that no material uncertainties have been identified by the directors of the principal employer, National Union of Students (NUS) of the UK, in their most recent accounts for the period ending 30 June 2021. The NUS Group has not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

In addition, the Trustees acknowledge that Covid-19 has had an impact on the higher education sector; and whilst the position of the 67 participating employers is not uniform; the potential insolvency of one employer, even the Principal Employer, would not mean that the Scheme would fail. The Trustees monitor the Covenant closely on an ongoing basis, identifying those Unions of "high risk" either due to financial metrics and/or funding structure which includes reliance on entertainment income and international students decline as a result of the pandemic. The Trustees have been actively engaging with these named Unions on a periodic basis via questionnaires to understand the current and forecast financial performance. Further to this, the Trustees are following up with additional information and requests to seek further assurance from these Unions.

The Scheme funding remains at around 51% on a technical provision basis at 30 June 2021, corresponding to a deficit of £131,159,000. As of the 21st September 2020 a new Recovery Plan and Schedule of Contributions was agreed between the Trustees and the NUS, with no participating employer taking advantage of a deficit reduction contribution suspension. As of October 2021, there was an 8% increase in deficit funding contribution payments; to the Trustees knowledge all deficit funding contribution payments have been made as expected, and there have been no late payments received to date that the Trustee have been made aware of.

On this basis the financial statements for the Scheme are prepared on a going concern basis.

## 2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees' Report.

## 3. Accounting policies

The principal accounting policies of the Scheme which are applied consistently are as follows:

### Contributions

- ) Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustees.
- ) Employer additional contributions are accounted for in accordance with the agreement under which they are payable. This include contributions in respect of the PPF levy.

### Payments to members

- ) Pensions in payment are accounted for in the period to which they relate.
- ) Benefits are accounted for in the period in which the member notifies the Trustees of his decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- ) Individual transfers out of the Scheme are accounted for when member liability is discharged which is normally when the transfer amount is paid.

## Notes to the Financial Statements (Cont)

### 3. Accounting policies (Cont)

#### Expenses

- ) Expenses are accounted for on an accruals basis.
- ) Investment management expenses are accounted for on an accruals basis. Transaction costs are included in the cost of purchases and sale proceeds.

#### Investment income

- ) Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- ) Dividends from quoted securities are accounted for when the security is declared ex-dividend.
- ) Income from pooled investment vehicles is accounted for when declared by the fund manager.
- ) Income from cash and short term deposits is accounted for on an accruals basis.
- ) Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".
- ) Receipts from annuity policies are accounted for as investment income on an accruals basis.

#### Investments

- ) The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- ) Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.
- ) Bonds are valued by valuation techniques that use observable market data.
- ) Quoted securities in active markets are usually valued at the current bid prices as at 30 June 2021, or at the valuation date nearest to the year-end.
- ) Accrued interest is excluded from the market value of bonds and is included in investment income receivable.
- ) With profit insurance & AVC policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.
- ) Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date. No allowance for movements in annuitant membership is provided for in valuation updates other than in a triennial valuation year.
- ) Over the counter (OTC) derivatives are valued using the following valuation techniques:
  - i. Forward foreign exchange (Forward FX) – the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

#### Currency

- ) The Scheme's functional and presentational currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year-end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

#### Critical accounting judgements and estimation uncertainty

- ) Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

## Notes to the Financial Statements (Cont)

### 4. Contributions

	2021	2020
	£	£
Employer contributions		
Deficit funding	7,578,752	5,843,715
PPF Levy	1,093,689	1,128,137
Additional contributions	12,166	10,934
	8,684,607	6,982,786

Deficit funding contributions are being paid by the employers for a period of 16 years from 28 June 2017 in accordance with recommendations from the Scheme Actuary in order to improve the Scheme's funding position.

### 5. Benefits paid or payable

	2021	2020
	£	£
Pensions	4,858,155	4,540,325
Commutation of pensions and lump sum retirement benefits	982,452	1,813,602
Lump sum death benefits	661	36,692
LTA charges	241	-
	5,841,509	5,841,509

### 6. Payments to and on account of leavers

	2021	2020
	£	£
Individual transfers to other schemes	-	64,604
Payments for members joining the state scheme.	-	(15,169)
	-	49,435

### 7. Administrative expenses

	2021	2020
	£	£
Administration and processing	290,268	285,296
Actuarial fees	169,035	287,809
Audit fee	16,131	11,404
Legal and other professional fees	138,385	272,832
Trustee indemnity insurance	39,200	14,560
Fees paid to Corporate Trustee	301,025	231,757
Trustees expenses	67	1,703
Other fees	22,804	36,584
PPF Levy	1,109,206	1,120,158
	2,086,121	2,086,121

The Scheme bears all the costs of administration.

## Notes to the Financial Statements (Cont)

### 8. Investment income

	2021	2020
	£	£
Dividends from equities	6,804	169,978
Income from bonds	2,088	65,373
Income from pooled investment vehicles	3,308,364	5,187,590
Interest on cash deposits	33	10,160
Annuity income	325,000	375,000
Other investment income	-	964
	3,642,289	5,809,065

The income from pooled income from investment vehicles includes an amount of £3,274,133 (2020: £5,156,203) in respect of income from the Insight LDI Funds.

### 9. Reconciliation of investments

	Value at 30 June 2020 £	Purchases at cost and derivative payments £	Sales proceeds and derivative receipts £	Change in market value £	Value at 30 June 2021 £
Equities	2,600,906	-	(2,491,074)	(109,832)	-
Bonds	4,253,228	-	(4,185,565)	(67,663)	-
Pooled investment vehicles	112,910,322	120,922,632	(101,833,833)	4,275,464	136,274,585
Insurance policies	5,425,124	-	-	(848,937)	4,576,187
Derivatives	(68,154)	24,958	(56,703)	99,899	-
AVC investments	256,111	-	(24,617)	1,115	232,609
	125,377,537	120,947,590	(108,591,792)	3,350,046	141,083,381
Cash deposits	8,675,078				32,602
Other investment balances	15,467				-
	134,068,082				141,115,983

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

Transaction costs analysed by main asset class and type of cost are as follows:

	Fees £	Commission £	Taxes £	2021 Total £
Equities	-	-	-	-
Total	-	-	-	-
	Fees £	Commission £	Taxes £	2020 Total £
Equities	150	2,563	4,525	7,238
Total	150	2,563	4,525	7,238

## Notes to the Financial Statements (Cont)

### 9. Reconciliation of investments (Cont)

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Scheme.

### 10. Investment management expenses

	2021	2020
	£	£
Administration, management and custody	52,874	196,989
Investment consultancy fee	152,198	182,410
	205,072	379,399

### 11. Taxation

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax. The tax charge in the Fund Account represents irrecoverable withholding tax arising on investment income.

### 12. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2021	2020
	£	£
Equities	25,438,118	23,202,059
Bonds	12,359,323	11,469,113
Commodities	-	1,331,613
Cash	145,430	45,152
Derivatives	-	492,177
Diversified Growth	12,602,002	-
LDI	49,847,847	46,580,695
Multi-asset	12,786,181	15,120,602
Property	-	7,591,063
Hedge	23,095,684	7,077,848
	136,274,585	112,910,322

### 13. Derivatives

#### OBJECTIVES AND POLICIES

The Trustees have authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme as follows:

Forward FX – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP (sterling), a currency hedging programme, using forward FX contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

## Notes to the Financial Statements (Cont)

At the year end the Scheme had the following derivatives:

	2021		2020	
	Asset £	Liability £	Asset £	Liability £
Forward FX contracts	-	-	-	(68,154)
	-	-	-	(68,154)

A summary of the Scheme's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

### Forward FX contracts

Contract	Asset value £	Liability Value £
<b>Total 2021</b>	-	
Total 2020	-	(68,154)

### 14. AVC investments

The Trustees hold assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to the Scheme year-end confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2021 £	2020 £
Aviva (with-profits)	112,630	117,626
Aviva (unit-linked)	119,979	138,485
	232,609	256,111

### 15. Insurance policies

The Scheme held insurance policies at the year-end as follows:

	2021 £	2020 £
Annuities with Friends Life	4,576,187	5,425,124

## Notes to the Financial Statements (Cont)

### 16. Fair value determination

The fair value of financial instruments has been estimated using the following fair value determination:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above determination levels as follows:

	As at 30 June 2021			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Equities	-	-	-	-
Bonds	-	-	-	-
Pooled investment vehicles	-	113,178,901	23,095,684	136,274,585
Insurance policies	-	-	4,576,187	4,576,187
Derivatives	-	-	-	-
AVC investments	-	119,979	112,630	232,609
Cash	32,602	-	-	32,602
Other investment balance	-	-	-	-
	32,602	113,298,880	27,784,501	141,115,983

	As at 30 June 2020			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Equities	2,600,906	-	-	2,600,906
Bonds	4,253,228	-	-	4,253,228
Pooled investment vehicles	-	105,832,475	7,077,847	112,910,322
Insurance policies	-	-	5,425,124	5,425,124
Derivatives	-	-	(68,154)	(68,154)
AVC investments	-	138,485	117,626	256,111
Cash	8,675,078	-	-	8,675,078
Other investment balances	15,467	-	-	15,467
	15,544,679	105,970,960	12,552,443	134,068,082

### 17. Investment risk disclosures

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk – comprises the following three types of risk:

1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).



## Notes to the Financial Statements (Cont)

### 17. Investment risk disclosures (Cont)

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include AVC investments or legacy insurance policies as these are not considered significant in relation to the overall investments of the Scheme.

Asset Type	Credit risk	Market currency risk	Market interest rate risk	Market other price risk	2020 (30/06) £	2021 (30/06) £
L&G Equities	1	2	1	3	23,230,190	25,438,118
Ruffer Absolute Return	2	2	2	3	17,250,052	-
Barings DAAF	2	2	2	3	15,120,602	-
Standard Life UK Property	1	1	2	3	7,591,063	-
Baillie Gifford MAGF	2	2	2	2	-	12,786,182
Schroders DGF	2	2	2	2	-	12,602,002
Henderson MAC	3	2	3	1	11,469,112	12,359,323
Insight Global ABS	3	2	3	1	11,021,361	12,838,629
Insight LDI	2	1	3	1	35,664,593	37,009,219
Partners Fund	2	2	2	2	7,077,848	23,095,683
Liquid Assets - Cash	3	2	1	1	585,254	178,032
<b>Total</b>					<b>129,010,075</b>	<b>136,307,188</b>

In the table above, a risk rating '1' is deemed none/hardly any risk, '2' is partial and '3' is significant

#### Market risk: Interest rates

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds, leveraged gilt repos, interest rate swaps and cash through pooled investment vehicles. Specifically, the Scheme has exposure to interest rates through its investments with Insight.

Generally speaking, if interest rates fall, the value of the Scheme's bond investments will rise to help offset a portion of the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the bond investments are more likely to fall in value, as will the actuarial liabilities because of an increase in the discount rate. As at 30 June, through their investments in bonds and LDI, the Scheme has hedged approximately 49% of the impact of interest rate movements on the liabilities. That is, if interest rates move, the LDI portfolio will experience approximately 49% of the movement of the liabilities.

## Notes to the Financial Statements (Cont)

### 17. Investment risk disclosures (Cont)

#### **Market risk: Currency**

The Scheme is exposed to currency risk because some of its investments are held in overseas markets. These include the overseas equity portfolio with LGIM, Schroders in their diversified growth fund and Baillie Gifford in their multi asset growth fund. The multi-asset credit manager Henderson, Partners Group and Insight may also gain exposure to currency movements through their holdings of overseas assets.

The Scheme's liabilities are denominated in sterling and currency hedging is employed with overseas equities to manage the impact of exchange rate fluctuations on the Scheme's investments. Specifically, the Trustees took steps to hedge 75% of the non-sterling exposure in the equity mandate managed by LGIM back into Sterling.

The Scheme's other managers, Schroders, Baillie Gifford, Henderson, Partners Group and Insight take active decisions as to whether or not they hedge currency exposure back into Sterling.

#### **Market risk: Other price**

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes directly held equities, private equity, equities held in pooled vehicles, property and diversified growth funds.

The Scheme manages this exposure by investing in funds that invests in a diverse portfolio of instruments across various markets. According to the Scheme's Statement of Investment Principles (SIP), each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities. In addition, the asset allocation is detailed in the Statement of Investment Strategy and is monitored on a regular basis by the Trustees.

#### **Credit risk**

The Scheme is subject to credit risk because the Scheme directly invests in bonds, derivatives, has cash balances, enters into repurchase agreements, private debt and holds units in pooled investment vehicles. The Scheme has indirect exposure to credit risks from the underlying investments held by the pooled investment vehicles.

The credit risk arising on bonds is mitigated via Henderson and Insight's active management of the bond funds held by the Scheme. There may be additional exposure through assets held by Schroders and Baillie Gifford in their diversified growth and multi asset growth funds respectively.

The exposure to credit risk through private debt is managed by the Partners Group as it forms a proportion of a broadly diversified portfolio of alternative investments.

The instruments used in the pooled LDI funds held with Insight are not necessarily guaranteed by a regulated exchange, so there is the risk of a counterparty defaulting on its payment. The risk is reduced through collateral arrangements. It must be emphasised that although the instruments used by Insight in the pooled LDI funds carry various risks, the aim of these investments is to hedge against the changing actuarial value placed on the liabilities of the Scheme.

Credit risk arising on other derivative contracts is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated.

Cash is held within financial institutions which are at least investment grade rated.

Pooled investment arrangements used by the Scheme comprises of authorised unit trusts. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and the ongoing due diligence of the pooled manager.

Indirect credit risk arises in relation to the underlying investments of pooled investment vehicles. This risk is mitigated as set out above.

## Notes to the Financial Statements (Cont)

### 17. Investment risk disclosures (Cont)

A summary of pooled investment vehicles by type of arrangement is as follows:

Fund arrangement	2021 (£'000)	2020*(£'000)
Unit linked insurance contracts	50,826	30,281
Authorised unit trusts	35,455	18,547
Open ended investment companies	178	15,201
Irish Qualifying Alternative Investment Fund	49,848	46,686
<b>Total</b>	<b>136,307</b>	<b>111,255</b>

\*The 2020 figures do not include the Scheme's allocation to Ruffer as this is a segregated mandated.

The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.

### 18. Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year-end:

	2021		2020	
	£	%	£	%
Insight Longer Real Fund	19,545,974	13.7	19,484,291	14.4
Barings Alpha Funds Dynamic Assets	-	-	15,120,602	11.2
Henderson Multi Asset Credit Fund	12,359,323	8.7	11,469,113	8.5
Standard Life Property Fund	-	-	7,591,063	5.6
Partners Group Fund	8,573,295	6.0	7,077,848	5.2
Partners Group Fund Class EN	14,522,389	10.2	-	-
Ruffer Cash Investment	-	-	8,000,015	5.9
Insight IIFIG Global Abs Fund	12,838,629	9.0	10,971,495	8.1
Insight LDI Longer Nominal Fund	-	-	8,473,799	6.3
Mobius BG IF Multi Asset Growth Fund	12,786,181	9.0	-	-
Mobius Schroders Diversified Growth Fund	12,602,002	8.8	-	-

### 19. Current assets

	2021	2020
	£	£
Contributions due from Employer in respect of:		
Employers	575,346	492,842
Prepayments	2,789	44
Cash balances	916,825	505,300
	<b>1,494,960</b>	<b>998,186</b>

Contributions due to the Scheme at the year-end have been paid subsequent to the year-end in accordance with the Schedule of Contributions.

## Notes to the Financial Statements (Cont)

### 20. Current liabilities

	2021	2020
	£	£
Unpaid benefits	(26,105)	(47,984)
Accrued expenses	(200,122)	(177,807)
	(226,227)	(677,373)

### 21. Related party transactions

The key management personnel of the Scheme are considered to be the Trustees. Fees and expenses paid directly to the Trustees by the Scheme for their services during the year were £301,092 (2020: £233,460) and are disclosed in Note 7 to the accounts. Included within the accrued expenses (note 20) is £61,251 (2020: £20,730) owed to the Trustees.

All of the transactions were made in accordance with the Scheme Rules.

RHO Boyes

The following Trustees of the Scheme are pensioner members.

PD Shilton Godwin

N Gash

### 22. Employer-related investments

There were no direct employer-related investments at the year-end. Contributions are normally received by the Trustees in the subsequent month to that in which they are due. Under the accruals basis of accounting, these contributions are therefore shown as outstanding. However, as the contributions were received in line with the Schedule of Contributions after the year end, they do not become employer-related investments.

### 23. Contingent liabilities

As explained on page 4 in Trustees Report, on 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

Under the rulings schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. However, at this stage the Trustees and Employer have not agreed the equalisation methodology to be used and therefore the Trustees are not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustees are able to reach reliable estimate.

# Certificate of Adequacy of Contributions

## Students' Union Superannuation Scheme

### Certification of the Schedule of Contributions

#### Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected, on 30 June 2019, to be met by the end of the period specified in the Recovery Plan dated 21 September 2020.

#### Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 21 September 2020.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature:



Date:

21 September 2020

Name:

Paul Hamilton

Qualification:

Fellow of the Institute and Faculty of Actuaries

Address:

St James's House  
St James's Square  
Cheltenham  
Gloucestershire  
GL50 3PR

Employer:

Barnett Waddingham LLP

## Schedule of Contributions

### Students' Union Superannuation Scheme Schedule of Contributions

#### Status

This Schedule of Contributions has been prepared by the Trustees of the Students' Union Superannuation Scheme (the Scheme), after obtaining the advice of the Scheme Actuary appointed by the Trustees.

#### Contributions to be paid by the Employer from 1 October 2020 to 1 August 2035

<p>In respect of the shortfall in funding as set out in the Recovery Plan dated 21 September 2020:</p>	<p>Each participating employer will contribute an amount as set out in the attached Appendix 1.</p> <p>The amounts commencing on 1 October 2020 will be increased by 8% as at 1 October 2021, and then by a further 5% at each subsequent 1 October or such greater amount as is agreed between the Trustees and the Principal Employer.</p> <p>An additional increase will be applied as at 1 October 2021 to allow for the 7% pension increase issue for affected unions. The total increase will vary between unions depending on the additional liabilities arising from the issue, but on average will be around 18%.</p> <p>These contributions are payable monthly in arrears, within 19 days of the end of each month. A participating employer may, at their discretion, pay all or part of the contributions in advance.</p> <p>The Trustees have given the participating employers the option of paying a single lump sum contribution instead of their monthly contributions from October 2020 to September 2023. These lump sum contributions are set out in Appendix 2. If a participating employer chooses to pay this lump sum (which they are under no obligation to do) then they will not pay any contributions set out in Appendix 1 for the period from 1 October 2020 to 30 September 2023. Contributions payable under Appendix 1 for periods outside these dates remain payable by participating employers taking up this offer. Participating employers taking up the offer must pay the lump sum contribution by 19 November 2020, and may at their discretion pay all or part of the lump sum contribution in advance.</p>
<p>In respect of expenses:</p>	<p>The amounts set out in the appendices include an allowance of £400,000 pa, increasing since October 2017 at 5% pa, in respect of the ongoing administrative and operational expenses of running the Scheme.</p>

In respect of the Pension Protection Fund levy:

The amount of the PPF levy as shown in the levy invoice, plus associated expenses, will be payable in addition to the contributions set out in the appendices. Once the PPF levy has been paid by the Trustees, the amount due from each participating employer will be determined by the Trustees and notified to each participating employer for payment within 30 days.

This schedule has been agreed by the Trustees and the Principal Employer



.....  
Signed on behalf of the Trustees of the Students' Union Superannuation Scheme

21 September 2020  
.....  
Date



.....  
Signed on behalf of NUS

21 September 2020  
.....  
Date



## Implementation Statement

### Students' Union Superannuation Scheme

#### Scheme year end 30 June 2021

#### Purpose of the Implementation Statement

The Implementation Statement has been prepared by the Trustees of the Students' Union Superannuation Scheme ("the Scheme") and sets out:

- J How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- J The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 30 June 2021.

#### How voting and engagement policies have been followed

The Trustees consider their voting and engagement policies have been met in the following ways:

- J At the Scheme year-end, the Scheme's investment managers were: Legal and General Investment Management ("LGIM"), Baillie Gifford Asset Management ("Baillie Gifford"), Schroder Investment Management ("Schroders"), Janus Henderson Global Investors ("Janus Henderson"), Partners Group (Guernsey) Limited ("Partners") and Insight Investment Management ("Insight"). The Trustees regularly consider the performance of the funds and any significant developments that arise.
- J The Scheme invests entirely in pooled funds, and, as such, delegates' responsibility for carrying out voting and engagement activities to the Scheme's investment managers.
- J Following the closure of the Barings Dynamic Asset Allocation Fund, the Trustees appointed Schroders as a new manager for a diversified growth fund ("DGF") mandate. Stewardship and voting policies were considered as part of the decision to appoint Schroders, alongside all other material factors. The new manager is rated high conviction by our investment advisors for stewardship and voting, meaning that they provide transparent and clear reporting in voting and engagement activities. The Trustees are comfortable that the manager is suitable across all criteria considered.
- J The Trustees also decided to replace the Scheme's investment in a range of passive LGIM equity funds with the LGIM Future World funds, which are the ESG-tilted equivalent of the funds previously held. This decision was made to increase the degree to which the Scheme allows for ESG considerations in the selection of its investments.
- J Annually, the Trustees receive and review voting information and engagement policies from both the asset managers and our investment advisors, which we review to ensure alignment with our own policies as set out in the Statement of Investment Principles. This exercise was undertaken in October 2021 in respect to the asset managers voting behaviours over the year to June 2021.
- J The Trustees also have a policy to carry out an annual review of the Scheme's investment managers' ESG policies, integration of ESG into their investment processes and, approach to engagement and voting activities. The last review was carried out in February 2021.

Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the asset managers are in alignment with the Scheme's stewardship policies. No asset managers have attended Trustees meetings over the year.



The tables provided in the remainder of this statement provide an indication of the investment managers' overall voting and engagement activities.

## Voting Data

The voting data collated for Scheme is given over the year to 30 June 2021.

The voting data provided by all managers is specific for the pooled version of the funds in which the Plan invests.

Manager	Baillie Gifford	Schroders	Partners
<b>Fund name</b>	Multi Asset Growth Fund	Life Intermediated Diversified Growth Fund	Partners Fund
<b>Structure</b>	Pooled		
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
<b>Number of company meetings the manager was eligible to vote at over the year</b>	114	2,007	69
<b>Number of resolutions the manager was eligible to vote at over the year</b>	1,296	23,805	907
<b>Percentage of resolutions the manager voted on</b>	98.2%	99.7%	88.0%
<b>Percentage of resolutions the manager abstained from</b>	1.0%	0.6%	5.0%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	94.3%	91.5%	87.0%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	4.7%	7.9%	7.0%
<b>Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor</b>	<i>Data not provided</i>	<i>Data not provided</i>	2.0%

Source: Baillie Gifford Asset Management, Schroder Investment Management, Partners Group (Guernsey) Limited

Manager	LGIM					
<b>Fund name</b>	Future World Emerging Markets Equity Index	Future World Asia Pacific (ex Japan) Developed Equity Index	Future World Japan Equity Index	Future World Europe (ex UK) Equity Index	Future World North America Equity Index	Future World UK Equity Index
<b>Structure</b>	Pooled					
<b>Ability to influence voting</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.					

Manager	LGIM					
<b>behaviour of manager</b>						
<b>Number of resolutions the manager was eligible to vote at over the year</b>	19,635	1,344	3,533	7,189	7,285	6,394
<b>Percentage of resolutions the manager voted on</b>	99.9%	100.0%	100.0%	99.8%	100.0%	100.0%
<b>Percentage of resolutions the manager abstained from</b>	1.6%	0.1%	0.0%	0.5%	0.1%	0.0%
<b>Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on</b>	83.5%	75.4%	87.1%	84.1%	71.2%	93.1%
<b>Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on</b>	14.9%	24.6%	12.9%	15.5%	28.7%	6.9%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	7.1%	12.4%	10.8%	7.9%	22.5%	5.5%

Source: Legal and General Investment Management

Voting data is shown only for the un-hedged versions of the LGIM Future World Funds. The Scheme also holds currency hedged versions for some of these funds, which invest in the same assets as their un-hedged counterparts, meaning that the voting data will be the same.

There are no voting rights attached to the other assets held by the Scheme which includes multi-asset credit, global asset backed securities, and Liability Driven Investments.

## Proxy Voting

A proxy advisor is a company that advises how owners of shares could vote on resolutions at shareholder meetings, and where applicable the proxy advisor can also vote on behalf of the owners of the shares. The below details how each of the Scheme's applicable investment managers utilise a proxy advisor.

## LGIM

LGIM employ the use of Institutional Shareholder Services (ISS) as their proxy voting advisor to electronically vote on all clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with LGIM's position on ESG, they have put in place a custom voting policy with specific voting instructions. LGIM review their custom voting policy with ISS annually, and take into account feedback from their investors.

## Baillie Gifford

Baillie Gifford are aware of recommendations made by their proxy advisors (ISS and Glass Lewis). However, unlike a majority of their peers, Baillie Gifford do not use proxy advisors to vote on their shares, Baillie Gifford instead analyses all proposals in-house in line with their own Governance & Sustainability Principles, and they endeavour to vote every one of their holdings in all markets. This is why Baillie Gifford cannot provide data on when they have voted contrary to the opinion of the proxy advisor

## Schroders

Schroders receive research from both the proxy voting service ISS and the Investment Association's Institutional Voting Information Services (IVIS). In order to make voting decisions the following sources of information will also be used: company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

## Partners

Partners hire the proxy voting service providers Glass Lewis & Co to vote in-line with their Proxy Voting Directive. Wherever the recommendations for Glass Lewis, their proxy voting directive, and the company's management differ, they vote manually on those proposals.

## Significant votes

The Trustees have delegated to the investment managers to define what a "significant vote" is. Data on significant votes was requested from the investment managers of all the funds in which the Scheme invests that have invested in equities over the year to 30 June 2021. A summary of the key voting action the managers have provided is set out below.

Unfortunately, Schroders were unable to provide us with information on their key votes voting behaviour in a useable format. The Trustee's investment consultant has queried this with Schroders and they have provided the following explanation.

*"Schroders is aware of the guidance and voting template that the Pensions and Lifetime Savings Association's (PLSA) has published in respect of the requirements to produce an Implementation Statement. We are fully committed to providing effective and meaningful disclosure to enable pension schemes to fulfil their regulatory and fiduciary responsibilities including the request to complete the voting template. Schroders has published its voting records for many years and these are publicly available on our website. The new PLSA voting template asks for detailed bespoke fund-level voting data that goes beyond our existing disclosures. At this point in time, we are reviewing the information we provide and are considering the best way to communicate this to our clients."*

The Trustee's investment consultant is liaising with Schroders to improve delivery of the data in the future, and the Trustee understands that the managers are working to improve their disclosures. Their voting activity is disclosed publicly on a monthly basis and the rationale behind significant votes is disclosed to the company and to the public.

## LGIM, Future World Equity Funds

In determining significant votes, LGIM's investment stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association ("PLSA"). This guidance dictates significant votes include, but are not limited to:

- )] A high profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- )] Significant client interest for a vote, directly communicated by clients to the investment stewardship team at LGIM's Stakeholder roundtable event, or where LGIM notes there has been a significant increase in requests from clients on a particular vote;
- )] Sanction vote as a result of a direct or collaborative engagement; and
- )] A vote linked to an LGIM engagement campaign.

We have provided some detailed examples of significant votes that LGIM have provided, for a sample of the regional Future World Equity Funds that the Scheme invests in, for ease of reporting. However, if you would like to review further significant votes this information can be found online.

<https://www.lgimblog.com/categories/esg-and-long-term-themes/lgim-s-voting-intentions-for-2021/>

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Carnival Plc	SoftBank Corp.	SIG plc.
<b>Date of vote</b>	20 April 2021	22 June 2021	9 July 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.02%	0.74%	0.01%
<b>Summary of the resolution</b>	Re-elect Micky Arison as Director of Carnival Corporation and as a Director of Carnival plc	Amend Articles to Allow Virtual Only Shareholder Meetings	Approve one-off payment to Steve Francis (CEO).
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. For 10 years, LGIM have	LGIM decided that a vote against this proposal was warranted because Japanese companies are able to hold virtual meetings using temporary regulatory relief	The company wanted to grant their interim CEO a one-off award of £375,000 for work carried out over a two-month period (February - April). The CEO agreed to invest £150,000 of this payment in

	Vote 1	Vote 2	Vote 3
	<p>been using their position to engage with companies on this issue. As part of their efforts to influence their investee companies on having greater gender balance, LGIM apply voting sanctions to those FTSE 350 companies that do not have a minimum of 30% women on the board. LGIM also apply voting sanctions to the FTSE 100 companies that do not have 30% women on their executive committee. For smaller companies LGIM expect at least one woman at board level.</p>	<p>(without amending articles) for two years. However, the passage of this proposal will authorize the company to hold virtual meetings permanently, without further need to consult shareholders, even after the current health crisis is resolved.</p> <p>The proposed language fails to specify situations under which virtual meetings will be held, raising concerns that meaningful exchange between the company and shareholders could be hindered, especially in controversial situations such as when shareholder proposals are submitted, a proxy fight is waged, or a corporate scandal occurs.</p>	<p>acquiring shares in the business, and the remaining £225,000 would be a cash payment. The additional payment was subject to successfully completing a capital-raising exercise to improve the liquidity of the business. The one-off payment was outside the scope of their remuneration policy and on top of his existing remuneration, and therefore needed shareholder support for its payment.</p> <p>LGIM does not generally support one-off payments and they believe that the remuneration committee should ensure that executive directors have a remuneration policy in place that is appropriate for their role and level of responsibility. This should negate the need for additional one-off payments.</p> <p>Additionally, the size of the additional payment was concerning because it was for work carried over a two-month period, yet was equivalent to 65% of his full-time annual salary. £225,000 was to be paid in cash at a time when the company's liquidity position was so poor that it risked breaching covenants of a revolving credit facility and therefore needed to raise additional funding through a highly dilutive share issue.</p>
<b>Outcome of the vote</b>	94.3% of shareholders supported the resolution.	93.8% of shareholders supported the resolution	The resolution passed. However, 44% of shareholders did not support it. LGIM believe that with this level of dissent the company should not go ahead with the payment.
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage on this important ESG issue.	LGIM intend to engage with the company to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition.
<b>Criteria on why the vote is considered "significant"</b>	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	This was a high profile vote where the company proposed a change in articles to allow virtual-only AGMs beyond the temporary regulatory relief effective for 2 years from June 2021.	The vote is high-profile and controversial.

Source: Legal and General Investment Management

## Baillie Gifford, Multi-Asset Growth Fund

In determining significant votes, Baillie Gifford takes into account the following criteria:

- )] Whether Baillie Gifford's holding has a material impact on the outcome of the vote;
- )] The resolution received 20% or more opposition, and Baillie Gifford also opposed;
- )] Egregious remuneration;
- )] Controversial equity issuance;
- )] Shareholder resolutions that Baillie Gifford supported, and the resolution received 20% or more support from shareholders;
- )] Where there has been a significant audit failing; and
- )] Where Baillie Gifford have opposed: mergers and acquisitions, financial statements, and/or the election of directors and executives.

We have summarised some detailed examples of significant votes that Baillie Gifford have provided, in line with the above criteria, for ease of reporting. However, if you would like to review further significant votes this information can be found online.

<https://www.bailliegifford.com/en/uk/institutional-investor/esg/>

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Ediston Property Investment Company	Rio Tinto PLC	Vonovia SE
<b>Date of vote</b>	23 February 2021	9 April 2021	16 April 2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	5.6%	3.7%	12.2%
<b>Summary of the resolution</b>	Approve Remuneration Policy	Approve Remuneration Report	Amendment of share capital
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	No	Yes
<b>Rationale for the voting decision</b>	Baillie Gifford opposed this resolution to approve the remuneration policy because they were concerned that an additional fee proposed for the Senior Independent Director could impact his independence.	Baillie Gifford opposed the remuneration report as they did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards.	Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.
<b>Outcome of the vote</b>	Pass	Pass	Pass
<b>Implications of the outcome</b>	Baillie Gifford engaged with the company on the issue and will continue taking voting action in relation to the issue if concerns remain.	Following the submission of their vote, Baillie Gifford engaged with the company and while they did not support the backwards looking remuneration report, they supported the forward looking remuneration policy.	Baillie Gifford contacted the company ahead of their AGM to see if they could provide an assurance they would not issue shares below Net Tangible Asset (NTA). The company could not provide that assurance, Baillie Gifford therefore did not support the two equity issuance resolutions.

	Vote 1	Vote 2	Vote 3
<b>Criteria on which the vote is considered "significant"</b>	This resolution is significant because Baillie Gifford opposed remuneration, in line with the criteria for significant votes given above.	This resolution is significant because Baillie Gifford opposed remuneration, in line with the criteria for significant votes given above.	This resolution is significant because it received greater than 20% shareholder opposition.

Source: Baillie Gifford Asset Management

## Partners, The Partners Fund

In determining significant votes, Partners takes into account the size of the holding in the Fund. We have summarised some examples of significant votes that the Partners Group have provided.

As a private market fund, Partners control the board of many of the companies in which they invest. The examples provided by Partners are therefore examples of ESG efforts from the portfolio company over which Partners have control, rather than examples of significant votes.

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Civica	Foncia	Grassroots
<b>Date of vote</b>	n/a	n/a	n/a
<b>Summary of the resolution</b>	Providing support throughout the COVID 19 pandemic, improving diversity and employee retention	Improving sustainability through carbon footprint measurement to set initiatives and targets and development of an energy efficiency program.	Improving health and safety standards and procedures in the company. Improving biodiversity in existing wind farms.
<b>How the manager voted</b>		Control of the board	
<b>Rationale for the voting decision</b>	<p>In 2020, Civica made a great effort to support its clients through the COVID 19 pandemic. They released Apps and software that included an interactive symptom tracker, a platform to coordinate rapid support and an e-recruitment tool.</p> <p>To continue to improve diversity, Civica formed a Diversity &amp; inclusion working party that coordinates projects such as improving recruitment practices and improving mentorship programs to make them more inclusive. The company was also included as a Financial Times Diversity Leader in 2020.</p> <p>Employee retention remains a focus area for Civica. They have done monthly pulse checks since the beginning of the lockdown to ensure employee engagement remained high.</p>	<p>In 2020, Foncia conducted its first carbon foot printing exercise. This information will be used to set initiatives and targets to reduce it.</p> <p>As Foncia can positively influence the energy consumption of its clients, and help them reduce their own footprint, the company created an Energy Efficiency Renovation training program for building managers.</p> <p>In January 2020, Foncia launched Belles Personnes , its blog to share employee experiences as part of its focus on people. The company is further developing its "Care" program, to improve its practices to attract and maintain talent. This will have a positive impact on its turnover.</p> <p>Furthermore, the digitization Partners Group has helped modernise Foncia and massively reduced the amount of paper used.</p>	<p>Following an external health and safety review, the platform has studied the results and recommendations and carried out a gap analysis of the existing safety systems, and improved them by establishing relevant policies and procedures.</p> <p>The platform has rolled out a new policy and launched a Work, Health and Safety Dashboard to provide an overview of performance across the platform. There was a notable improvement in the Lost-time incident frequency rate. The platform will apply the learnings to ensure high health and safety standards for the wind farms under construction.</p> <p>Sapphire Wind Farm participates in the New South Wales Biodiversity Offsets Scheme in accordance with the local regulatory requirements.</p>

	Vote 1	Vote 2	Vote 3
			As of Q3 2020, 618 biodiversity credits have been secured for Sapphire, which meets the regulatory requirements.
<b>Criteria on which the vote is considered "significant"</b>		Size of holding in the Fund	

Source: Partners Group (Guernsey) Limited

There are no voting rights attached to the other assets held by the Scheme, therefore no voting information is shown for these assets.

## Fund level engagement

The asset managers may engage with their investee companies on behalf of investors in the funds, which includes the Trustees. The reasons for each asset manager engaging with investee companies will vary across each individual manager. They may engage in order to question companies on their environmental, social and governance considerations.

The tables below provide a summary of engagement activities undertaken by each manager during the year under review.

Manager	LGIM	Baillie Gifford	Schroders	Partners	Janus Henderson
<b>Fund name</b>	Future World equity funds	Multi Asset Growth Fund	Life Intermediated Diversified Growth Fund	Partners Fund	Multi Asset Credit Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	<i>The manager tracks engagement at a firm level only.</i>	39	502 entities engaged with	<i>Data not provided*</i>	<i>Data not provided</i>
<b>Number of engagements undertaken at a firm level in the year</b>	1,003 across 893 companies	3030	1451 entities engaged with	<i>Data not provided*</i>	1190 across 776 companies**



\*Partners do not provide this data due to the way in which this is requested focusing on listed investments, which are not the focus of any Partners program where the majority are private markets investments.

\*\*Over the twelve months to 31 December 2020 – Janus Henderson do not currently have the resource to provide this information quarterly and have informed us they are looking to rectify this.

Manager and Fund	Engagement themes and examples of engagements undertaken with holdings in the Fund
<p><b>LGIM</b> Future World Equity Funds</p> <p><i>LGIM conduct all engagements at a firm level, so no engagements are specific to a single fund.</i></p>	<p><b>Company: Korea Electric Power Company (KEPCO)</b></p> <p>LGIM has been engaging with Korea Electric Power Company (KEPCO) since early 2017. In 2019, due to a lack of responsiveness to investor concerns, and the company's continued plans to expand thermal coal power generation and poor climate risk disclosure, LGIM made the decision to implement voting sanctions and divest from the company from the Future World fund range.</p> <p>Following this decision, LGIM have had four meetings with the company, including one in person at LGIM's offices in autumn 2019. To further increase pressure on the company, LGIM's Head of Sustainability and Responsible Investment outlined concerns in an interview with a leading Korean daily newspaper in 2020.</p> <p>In October 2020, KEPCO publicly pledged it would make no further investments in overseas coal projects. The company announced it would focus on renewables and natural gas in the future, and that all currently planned thermal coal projects, with the exception of two plants in Indonesia and Vietnam, will either be converted to liquefied natural gas or called off.</p>
<p><b>Baillie Gifford</b> Multi-Asset Growth Fund</p>	<p><b>Company: Greencoat UK Wind PLC</b></p> <p>Greencoat UK Wind specialises in renewables infrastructure investments in onshore and offshore wind farms. Baillie Gifford engaged with Greencoat UK Wind PLC in February 2021 to discuss the board's approach to valuation assumptions and to understand the extent to which the board engages with and challenges the investment manager and portfolio operator's carbon footprint.</p> <p>With regard to valuation assumptions, the company explained that because they use consistent and conservative power price assumptions, the expected level of dividend can be delivered to shareholders, even during periods of low wind generation and difficult market conditions resulting from the Covid-19 pandemic. The company also explained that in the upcoming annual report the fund will report for the first time in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and set out the fund's thinking about its road to net zero. Baillie Gifford hope to see improvements to the board's oversight of Greencoat Capital's management of the portfolio's operational carbon performance. Baillie Gifford regard the commitment to disclose at fund level and to align carbon reporting to the TCFD recommendations as a promising step forward.</p>
<p><b>Schroders</b> Life Intermediated Diversified Growth Fund</p>	<p><b>Company: Nestle</b></p> <p>Schroders engaged with the company to ask for further information on a number of their sustainability practices. The Pan European Equities team contacted all Food and HPC companies to gain additional data around topics including:</p> <ul style="list-style-type: none"> <li>Community donations and NGO concerns</li> <li>Sustainability/health credentials, use of organic ingredients, R&amp;D spend and product recalls</li> <li>Supplier auditing and procurement of sustainably certified raw materials</li> </ul> <p>Schroders currently rely on external sources such as Bloomberg and Thompson Reuters which can provide an incomplete dataset and irrelevant metrics as companies operate in a spectrum of sectors. Schroders also use specialist datasets like CDP as well as alternative data, like NGO reports or Glassdoor scores to reflect different stakeholder perspectives. However, Schroders still have some gaps in their data. Schroders identified 14 data points that would help them to understand how peers were managing stakeholder relations. The questions covered a broad range of topics from the sustainability credentials of their product portfolios and supplier auditing to R&amp;D spend and exposure to volatile commodity prices.</p>
<p><b>Partners</b> Partners Fund</p> <p><i>Partners have control of the board for</i></p>	<p><b>Company: GlobalLogic</b></p> <p>Employee engagement, retention, and growth are key focus areas for GlobalLogic. The company took a number of steps in 2020 to improve employee retention and enhance the employee experience. For example, they conducted an engagement survey in early 2020, which suggested that performance feedback is an area of</p>

<p><i>GlobalLogic, therefore this example relates to the ESG efforts of the company itself.</i></p>	<p>improvement for the company. Based on the results of this survey, GlobalLogic launched an internal task force focused on revamping the feedback approach and ensuring that it is a two-way process between employees and their managers. This new process will be launched in February 2021.</p> <p>Part of GlobalLogic's goal to improve the employee experience is to advance diversity and inclusion. As a global firm, the company's primary diversity and inclusion focus is on women in tech. Their focus over the next year will be building out initiatives that support this global goal.</p> <p>The company is also taking a nuanced approach to diversity and inclusion, tailored to the needs of its different regions. For example, the company has enhanced parental leave benefits for employees in the U.S. Specifically, they have increased maternity benefits from 8 to 12 weeks and parental leave from 2 to 4 weeks, with the goal of further enhancing these benefits in the coming years. In addition, GlobalLogic's diversity and inclusion initiatives in the U.S. also include a focus on race and ethnicity. The company is actively building its strategy and capabilities in this area.</p>
<p><b>Janus Henderson</b> Multi Asset Credit Fund</p>	<p><b>Company: Flamingo Horticulture</b></p> <p>With the Covid-19 pandemic, significant strain was placed on supply chains reliant on air freight given the significant declines in passenger numbers and hence aircraft movements. Janus Henderson engaged with the company to review their ESG credentials and to explore how the pandemic has impacted their supply chain and discuss ways to lower the company's carbon footprint. They spoke with the issuer to assess the viability of alternative transport measures to reduce their CO2 emissions and whether using heated greenhouses would be an effective alternative to their current model of growing plants in Africa.</p> <p>Whilst more environmentally friendly in terms of Co2 emissions, and lower cost, clearly the journey times from alternative transportation (overland) would have a significant potential impact on product quality. Currently, the company has not faced any supply chain disruption in its air freight based model, but they continue to engage with Flamingo to ensure the viability of its long-term business through the identification and adoption of alternative technology to utilise more environmentally friendly distribution.</p> <p>Janus Henderson plan to follow up with the company once they have conducted their analysis of the impact on the company's carbon footprints from these alternative options. In the meantime, they have taken comfort that the company is receptive to these ideas and remain invested in the issuer.</p>

## Summary

Based on the information received, the Trustees believe that the asset managers have acted in accordance with the Scheme's stewardship policies as follows:

- J The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns. The managers have demonstrated that they have engaged with their investee companies, as outlined in the Fund Level engagement section of this statement.
- J The Trustees delegate the exercise of rights (including voting rights) the investment managers. The investment managers have done this over the period considered, as outlined in the Voting Data section of this statement.

The Trustees are supportive of the key voting action taken by the applicable asset managers over the period to encourage positive governance changes in the companies in which the managers hold shares.

The Trustees and their investment advisor are working with the asset managers to provide additional information in the future, in particular in regards to significant votes and engagement, in order to enhance their ability to assess the asset managers' actions.

**Prepared by the Trustees of the Student Unions Superannuation Scheme**

**October 2021**