RETIREMENT BENEFITS PLAN

IMPLEMENTATION STATEMENT FOR YEAR ENDED 31 JULY 2020

Introduction

Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (Northern Ireland) 2019, the Trustees are required to produce an annual Implementation Statement, setting out how, and the extent to which, the Statement of Investment Principles ("SIP") has been followed.

This is the first such statement produced by the Plan's Trustees. It is intended to meet the updated regulations. In preparing this statement, the Trustees have taken advice from its professional advisers.

This Implementation Statement covers the Plan's accounting year to 31 July 2020 and relates to the relevant SIPs in force over the accounting period, namely:

- The SIP which was in force up to September 2019; and
- The SIP dated September 2019 thereafter.

This Implementation Statement should be read in conjunction with the respective SIPs which were in place during the Plan's accounting year. The most up to date SIP (dated September 2020) can be accessed here:

www.qub.ac.uk/directorates/FinanceDirectorate/visitors/FileStore-Visitors/PensionsTaxInsurance/Filetoupload,993425,en.pdf.

The Trustees note that the latest version of the SIP includes two new sections (8 and 9 on Stewardship and Engagement with Managers). The policies contained in these sections will apply to next year's accounting period and will be referenced in the Implementation Statement produced in 2022.

Changes to SIP during 31 July 2019 to 31 July 2020

Between July 2019 and July 2020, the Trustees updated the SIP once in late August 2019. The summary of the changes are as follows:

- Addition of ESG risk within Section 6

The risk that environmental, social and governance factors have an adverse effect on the long-term performance of the Plan assets ("ESG Risks"). The Trustees will ensure that the Manager explicitly incorporates ESG information into investment decisions when considering the appointment and de-selection of investment managers.

- Addition of Section 7 - Responsible Investing

7.1. *The Trustees recognises that ESG risks could impact the ability of the Plan to meet its investment objectives and therefore the Trustees have considered how to evaluate and manage these risks when setting its investment strategy as set out in the following paragraphs (along with other matters).*

7.2. *The Trustees will ensure that the Plan's Manager shall, alongside other investment risks, integrate consideration of ESG risks throughout its investment decision making processes,*

7.3. *The Trustees will request that:*

- *the Manager, as part of its due diligence, assesses the approach of all the Plan's investment managers in integrating ESG risks considerations into the selection, retention and realisation of investments, before appointing them;*
- *the Manager, as part of its ongoing monitoring, will review the adherence of the Plan's investment managers to their ESG principles and, on at least a quarterly basis, will report on key ESG metrics for the Plan's investment managers and aggregate these to portfolio level where appropriate;*
- *the Manager, as part of its ongoing monitoring, reviews the execution of voting and engagement responsibilities and periodically reports back its findings to the Trustees (for example where the Plan invests in pooled funds, the Plan's investment managers are responsible for exercising voting rights and reporting on how they have exercised those rights); and*
- *where UK-domiciled investment managers are not signatories to the FRC's UK Stewardship Code, the Manager shall consider the investment manager's rationale for this position and, where appropriate, report back its findings to the Trustees.*

7.4. *The Trustees does not take into account non-financial matters when selecting, retaining and realising investments. Non-financial matters are defined as the views of members and beneficiaries, including (but not limited to) their ethical views, and their views relating to social and environmental impact and quality of life.*

Note that the Trustees subsequently updated the SIP in September 2020 to reflect additional voting and stewardship policies (Sections 8 and 9), however this Implementation Statement has been written in relation to the SIPs which were in force between July 2019 and July 2020.

Review of how policies in the SIP have been followed for the year to 31 July 2020

The information provided in this section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the Fund as a whole.

Trustees Policy	In the year to 31 July 2020
Section 3 - Governance The Trustees are responsible for setting the general investment policy and ensuring that it is consistent with the Plan's funding objectives and its assessment of the employer covenant.	There have been no changes to the Plan's governance structure over the year to 31 July 2020. Since 2017 the Trustees have delegated responsibility to BlackRock as their Fiduciary Manager ("the Manager") to manage the Plan's assets in line with the Investment Management Agreement. Further detail of the Governance structure is detailed in Section 3 of the SIP. The Trustees are satisfied that the investment governance of the Plan is consistent with the SIP and is appropriate for the circumstances of the Plan. In addition, the Trustees are comfortable with the actions the Manager has taken over the 12 months in order to effectively manage the Plan's assets against its investment objective of gilts + 2.5% per annum.
Section 4 - Objectives The objective of the Plan is to invest the assets prudently with the intention that the benefits promised to members are provided	Given the Trustees' objective is to ensure that the Plan can meet its obligations to its members, the Trustees have set the Manager an investment objective of achieving a return of gilts +2.5% per annum. The Manager measures the Plan's funding level relative to this objective and ensures that the Trustees can monitor and assess performance relative to this objective. The Trustees are satisfied that performance of the Plan's assets over the 12-month period to 31 July 2020 was appropriate for the objective.
Section 5 - Investment Strategy The Trustees have reflected their investment strategy and investment objective in the Investment Management Agreement ("IMA") with the Manager whereby, within certain permitted ranges, the Manager determines an appropriate asset allocation which seeks to achieve such investment objective. In doing so the Manager takes into account the restrictions contained within the IMA, which outlines the parameters the Manager must operate within. The IMA is subject to change over time as the strategy evolves.	The Trustees set out the investment objective, asset allocation ranges and eligible instruments. The Manager has discretion to implement the investment strategy subject to these restrictions. The Trustees also set out a Journey Plan with de-risking triggers in the IMA. This is to ensure that the Manager takes an appropriate level of risk as the funding level of the Plan increases. The Trustees note that the Plan last hit a trigger in May 2019, causing the minimum interest and inflation hedge ratios to increase. The Manager selects asset classes and underlying pooled funds to invest the Plan's assets in, with the aim of achieving the investment objective in the IMA. The Trustees monitor the investment performance and actions taken by the Manager on at least a quarterly basis. Over the 12 months to 31 July 2020 the Trustees have ensured that the objective and restrictions set out in the IMA remain suitable. The Trustees expect to update the IMA every three years in line with the actuarial valuation, or more frequently should the Manager advise the Trustees that it would be appropriate to review any of the objectives or restrictions in the IMA. During the year the Trustees amended the IMA in January 2020. This was to include updated liability cashflows following the completion of the 2017 actuarial valuation.
Section 6.1 - Risk Management The Trustees recognise that the key risk to the Plan is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustees have identified a number of risks which have the potential to cause a deterioration in the Plan's funding level and therefore contribute to funding risk.	As detailed in Section 6 of the SIP, the Trustees have identified several risks which have the potential to cause a deterioration in the Plan's funding level and therefore contribute to funding risk. The Trustees consider both quantitative and qualitative measures for these risks when evaluating the Manager's actions relating to the management of the Plan's assets. The Manager includes a Risk Dashboard in the quarterly investment report which details the risk level and potential risk impact of each of the risks identified in the SIP. The Trustees use this Dashboard to ensure that both the likelihood and possible severity of each risk on the Plan's funding level is appropriate. The Manager scores each risk in order to help the Trustees easily evaluate and measure changes in risks quarter on quarter. Over the year to 31 July 2020 the Trustees have remained comfortable with the overall risk score noting that most risks are classified as low risk level or low risk impact. More importantly, the Trustees are aware that no risk was classified as "High" in either level or impact during the year.

Section 6.2 - Risk Management The Trustees consider risk holistically across the Plan's portfolio and hence the Plan's assets are invested across a diverse range of investments	The Trustees set out allowable asset classes and ranges in the IMA. This is to ensure the Manager implements an investment strategy which diversifies risk across different asset classes and instruments, whilst not exposing the Plan to any risks which the Trustees do not believe are appropriate. The Trustees have prescribed minimum and maximum asset allocation ranges in the IMA in order to ensure the Plan's assets are suitably invested and risk is well diversified. The Trustees ensure risk is monitored in the quarterly investment report. This report provides the Trustees with a funding level risk figure and detailed breakdown on a quarterly basis. Over the one year to 31 July 2020 the Trustees' assessment is that the Plan's risk profile remained relatively constant (Funding Level Risk ranged from 3.5% to 4.2%) and was suitably diversified across assets.
Section 7 - Responsible Investing The Trustees recognise that ESG risks could impact the ability of the Plan to meet its investment objectives and therefore the Trustees have considered how to evaluate and manage these risks when setting its investment strategy The Trustees' consideration of financially material factors including environmental, social and governance factors, is delegated to BlackRock who in turn delegate this to the appointed underlying investment managers. Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.	The SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors and stewardship. This policy sets out the Trustees' beliefs on ESG and the processes followed by the Trustees in relation to voting rights and stewardship. In order to establish these beliefs and produce this policy, the Trustees undertook ESG training provided by the Manager which covered what ESG considerations are, the difference between values- and value-based investing, the Trustees' beliefs and how these can be incorporated into an investment strategy. This training was provided on 12 June 2019. The Trustees receive ESG reporting in their quarterly report, which includes aggregate and asset class level reporting of ESG scores relative to an appropriate benchmark. The Trustees use this to measure how the overall Plan's assets are invested and how it improves over time. The Manager now rates each underlying strategy based on the strength of their ESG policies and actions and provides a summary of the ESG scores to the Trustees on a quarterly basis, as part of the investment report. This allows the Trustees to establish how each underlying manager scores from an ESG perspective as well as measure relative improvements quarter on quarter. As of 31 July 2020, 5 of the 11 active strategies had an ESG score of "Advanced", the highest rating. The remaining 6 strategies scored "Aligned". The Trustees are comfortable that these scores are a strong reflection of their beliefs with all managers having the two highest scores (Advanced and Aligned). Furthermore, the Trustees recognises that the Manager is engaging with the underlying managers to ensure they work to further improve their ESG policies and actions over time. The Manager noted that the ESG rating for the one of the EMD managers increased from "Aware" to "Aligned" between March and June 2020, reflecting the progress the manager had made over the year. Further detail was provided to the Trustees in the Q2 2020 Investment Report. As part of the Trustees' ESG policy, the Manager is required to request the underlying managers' policies and their adherence to them. The Manager reviews the policies of each underlying manager to ensure that these are appropriate. Furthermore, the Manager is required to engage with underlying managers to better understand their actions and understand their level of engagement. As at 31 July 2020, the Manager has noted that the level of voting and engagement varies between managers. Notably, Schroders has been recognised as one of the underlying managers who is very strong in both voting and disclosure. In addition, the Manager has noted that both PIMCO and Wellington have made strong progress in engagement, creating specific teams to focus on engagement of underlying holdings. The Trustees are comfortable that the underlying managers are taking their voting and engagement responsibilities seriously. The Trustees expect the Manager to continue to work with underlying managers in order to ensure those on the weaker side of voting and engagement take action to make improvements. The Manager has acknowledged that all managers have been taking steps to improve both their voting and engagement and "best in class' continues to evolve. The Trustees will be closely monitoring developments over the coming years.
Section 7.4 - Responsible Investing The Trustees do not take into account non-financial matters when selecting, retaining and realising investments. Non-financial matters are defined as the views of members and beneficiaries, including (but not limited to) their ethical views, and their views relating to social and environmental impact and quality of life.	No proof required
Section 8 – Realisation of Assets Assets can be held in pooled funds which can be liquidated in accordance with the dealing cycle of the pooled funds that are invested in by the Plan.	The Manager considers the liquidity and dealing cycles of pooled funds when selecting funds to invest in. The Manager has been able to meet all cashflow requirements the Trustees have had over the year.
Section 9 – Monitoring The Trustees monitor the performance and risk exposures of the portfolio on a regular basis. The Trustees receive periodic reports. In the SIP the Trustees have outlined a list of items which they expect the Manager to include in the reports to enable them to monitor the portfolio.	The Manager provides the Trustees with a quarterly investment report. This report covers the required items as well as additional information which the Manager considers useful for the Trustees to be aware of. The Trustees have delegated the responsibility to the Manager for ensuring the underlying pooled funds remain appropriate. In order to monitor the Manager and ensure appropriate monitoring of the underlying managers, the quarterly report includes ratings for each fund and commentary where there has been a notable development. The Manager also provides the Trustees with ad hoc updates where changes have been made to the portfolio to ensure the Trustees are kept up to date with changes during the quarter.

Concluding remarks

The Trustees are comfortable that the policies in the SIPs have been followed over the year to 31 July 2020. As this is the first year the Implementation Statement has been required, the Trustees expect that the format and content will evolve over time, in line with guidance and to reflect any future changes in the SIP.

Following 31 July 2020, the Trustees revised their SIP in September 2020 in order to incorporate an updated stewardship policy as well as a more comprehensive policy on "Engagements with Asset Managers". The Trustees recognise that the 2020/2021 Implementation Statement will take into account this updated SIP and include additional information on how and the extent to which the new SIP has been followed over the year. This will include:

- Additional detail on the voting policies and actions of underlying managers.
- A summary of the voting and engagement of each of the funds that the Plan holds.
- Information around cost disclosures reporting.

Appendix – Voting and Engagement

The Trustees have delegated to the Manager the responsibility of collecting the stewardship and engagement reports of the underlying managers and assessing the suitability. The Trustees also expect the Manager to monitor the underlying manager's activity to ensure compliance and confirm that it remains a suitable investment for the Plan. The Trustees are comfortable that under the governance structure the responsibility sits with the Manager to communicate with the underlying managers and on a regular basis collect information as required.

The applicability of stewardship, voting and engagement varies somewhat across the assets that the Plan holds. For example, in general, voting rights are not attached to fixed income securities and the often-illiquid nature of alternatives may mean that stewardship is less relevant or may have a less direct financial benefit. In particular, the applicability to the LDI portfolio is limited. Nonetheless, the Trustees and the Manager expect all investment managers to take an active role in the stewardship of investments where relevant.

The Manager has noted that there is variability between managers in the extent of their engagement and voting policies, with equity managers generally having made more progress than fixed income. This Implementation Statement, the first undertaken, focuses on the Plan's equities managers. It is intended that in future years with the extended policy as set out in the SIP having been in place during the accounting period, there will be greater focus on other asset classes, namely fixed income and alternatives.

Subsequent to the Plan's year end, the SIP has been amended in September 2020 to reflect the Trustees' extended policies regarding the stewardship activities and the exercise of voting rights and engagement practices in respect of the Plan's investment managers. Owing to the changes to the SIP since the accounting period and the emerging best practice and guidance in this area, a proportionate approach has been taken with regards to reporting voting statistics for the period. It is intended that the Trustees' extended policies in the SIP, through ongoing monitoring, will provide greater transparency and accountability around voting activities by the Plan's investment managers.

Two external managers which the Manager has noted stand out in terms of their policies are Schroders and Wellington, both of which manage equity funds in which the Plan invests (Emerging Markets and Global Small Cap respectively).

The section below details Schroders' and Wellington's approach to voting and engagement as well as some examples of significant engagements these managers have made over the 12 months in respect to the funds in which the Plan is invested.

Schroders:

Approach	The overriding principle governing Schroders' approach to voting is to act in the best interests of its clients. Schroders' voting policy and guidelines are outlined in its publicly available Environmental, Social and Governance Policy. Schroders evaluates voting issues arising and, where it has the authority to do so, votes on them in line with its fiduciary responsibilities in what it deems to be the interests of its clients. In applying the policy, Schroders considers a range of factors, including the circumstances of each company, performance, governance, strategy and personnel. It is Schroders' policy to vote all shares at all meetings globally, except where there are onerous restrictions – for example, share blocking. Schroders utilises the services of ISS and the Investment Association's Institutional Voting Information Services ('IVIS') in conjunction with its own research and policies when formulating voting decisions. With regards to abstaining from votes, Schroders' preference is to support or oppose management and only use an abstention sparingly.

	Schroders may abstain where mitigating circumstances apply, for example where a company has taken some steps to address shareholder issues. For certain holdings of less than 0.5% of share capital in the USA, Australia, New Zealand, Japan, and Hong Kong, Schroders has implemented a custom policy that reflects the views of its ESG policy and is administered by Schroders' proxy voting provider, ISS. Schroders votes on both shareholder and management resolutions.
Anhui Conch (Building materials manufacturer)	Schroders is a member of the Climate Action 100 investor group. In December 2019, the Sustainable Investment team drafted a letter to Anhui Conch on behalf of the group, as part of the group's initiative to engage with the world's 100 largest corporate greenhouse gas emitters. Schroders encouraged Conch to set a carbon emissions reduction target to 2025 and beyond; to increase its disclosure of climate-related financial information; and to understand more about the CCS (carbon capture and storage) scheme and how effective it is at sequestering carbon. At the end of December, Schroders received a reply from Conch's Chairman describing the company's efforts to promote environmental protections and reduce carbon emissions. This is a promising start, and Schroders will be following up with recommendations for target setting and reporting.
SK Hynix (Electronic component manufacturer)	Schroders contacted the company to encourage positive change in view of the implementation of the Korean Stewardship Code in 2019, as well as the Financial Services Commission (FSC) and Ministry of Justice's proposed measures to improve corporate practices. Two issues were raised during this engagement: • Firstly, the shortage of female board members. The lack of gender diversity at board level is common to the South Korean market and reflects the lack of regulatory requirements to improve gender diversity on boards. However, diversity is something Schroders are looking to promote alongside evolving corporate governance codes and best practice in Asia. • Secondly, improved disclosure, particularly over attendance at committee meetings. Schroders believe that this information is instructive for shareholders and aligns with the FSC's new focus on corporate disclosure.

Wellington:

Approach	Wellington votes according to its Global Proxy Voting Guidelines and employs a third-party vendor, Glass Lewis, to perform administrative tasks related to proxy voting. Wellington does not automatically vote proxies either with management or in accordance with the recommendations of third-party proxy providers, ISS and Glass Lewis. Wellington has its own ESG Research Team, which provides voting recommendations. Based on these resources and in conjunction with Wellington's Global Proxy Voting Guidelines, individual portfolio managers have authority to make final decisions on voting. There is no "house vote". Wellington's proxy voting system allows different votes to be submitted for the same security. Various portfolio managers holding the same securities may arrive at different voting conclusions for their clients' proxies. In 2019, Wellington voted against management on one or more proposals at 39% of the annual general meetings in which they voted on behalf of their clients.
First Solar (Solar panel manufacturer)	First Solar (FSLR) is a solar panel manufacturer that Wellington have held in the portfolio and maintained an ongoing dialogue with other the years. Between July 2019 and July 2020, portfolio manager Kenny Abrams met or spoke with them on several occasions. Abrams has believed that First Solar's management team is best in class, as they have been able to sustain an industry-leading balance sheet and technological position over the years. Meanwhile, many of the company's peers have gone bankrupt as the technology moved rapidly and Chinese manufacturers invested in lower cost solutions. Despite headwinds in the industry, the Fund has maintained a position in First Solar due to that high conviction in the management team and in the company's competitive edge. The high level of competition in the industry led to concerns at First Solar that peers would copy or reverse engineer their technology, and as a result the company disclosed very little about their manufacturing for years. This unfortunately led to low ESG score for the company, which Abrams and his team felt confident was not representative of the company. Through previous site visits and meetings with management, Wellington believed that First Solar were on the leading edge of sustainable manufacturing. Throughout 2019 and 2020, Abrams and the team have encouraged management at First Solar to improve their disclosures, particularly from an environmental standpoint. As a result, they began disclosing their recycling successes and their goal of carbon-neutral lifetime solar cell technology.

BlackRock:

As at 31 July 2020 the Plan had c. 34% of its Growth assets invested in funds managed by the Manager. Given the Manager's appointment as both the fiduciary manager as well one of the investment managers, the Trustees recognise the importance of ensuring that the Manager's own policies and actions are appropriate for the Plan. The Manager publicises its own policies as well as quarterly updates online (which can be accessed here) which the Trustees have visibility of. This includes details of any changes to policies and also reports at an aggregate level the impact of its voting and engagement. The Trustees are comfortable that the transparency of the Manager in publicising reports and developments online ensures alignment with the interests of the Plan.

Whilst it is important to monitor the activities of the Manager at a high level through this publicly available information, it is also important to monitor the voting and engagement activities undertaken on behalf of the Trustees by the Manager on a more granular level.

With the exception of the BlackRock European Equities fund, the Plan's BlackRock equities funds are passive (i.e. index) strategies. In respect of passive strategies, there is a wide universe of underlying companies which may number in the hundreds if not thousands. Where strategies are actively managed, investments are typically more concentrated. As such, ownership is more concentrated for actively managed strategies and therefore there will be fewer resolutions in which to vote. In addition, actively managed strategies have the option to sell holdings in companies at its discretion. For these reasons, in the context of passive strategies, it is important that voting and engagement rights are exercised and that this is monitored. The summary voting statistics below illustrate that the voting rights attached the underlying investments in these instances have largely been exercised.

The Manager's approach to voting is described in the table below, along with summary voting statistics for the Manager's equities funds.

Approach to voting	BlackRock believes it has a responsibility to monitor and provide feedback to companies, in its role as stewards of its clients' investments. The BlackRock Investment Stewardship team does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance matters and, for those clients who have given BlackRock authority, through voting proxies in the best long-term economic interests of its clients. As long-term investors on behalf of its clients, BlackRock seeks to have regular and continuing dialogue with the companies in which its clients invest. The majority of BlackRock's equity investments are made through indexed strategies, so clients will be invested as long as the companies are in the index. As such, BlackRock places a strong emphasis on engagement with investee companies as disinvestment is often not an option. BlackRock votes in accordance with BlackRock's Investment Stewardship Global Principles, as well as guidelines for each relevant region. Voting guidelines are reviewed annually and are updated to reflect evolutions in market standards, governance practices and insights gained from engagement over the prior year. Voting decisions are informed by internally developed proxy voting guidelines, prior engagements with companies, research, and the situational factors for each underlying company. BlackRock ordinarily refrains from abstaining from both shareholder and management proposals, unless abstaining is the valid vote option (in accordance with company by-laws) to signal concern to management, there is a lack of disclosure regarding the proposal voted, or an abstention is the only way to implement their voting. BlackRock appoints an independent fiduciary, Sustainalytics, to vote proxies where BlackRock is required by regulation not to vote itself or where there are actual or perceived conflicts of interest. The independent fiduciary makes voting decisions based solely on BlackRock's publicly available proxy voting guidelines, which aim to advance clients' long-term economic interests, and information disclosed publicly by the relevant companies.

The tables below outline the summary voting statistics in respect of the Manager's equities funds over the year to 30 June 2020. Voting statistics have been reported over the one-year period to 30 June as this likely to result in greater coverage across investment managers and therefore also provide greater comparability and consistency going forwards.

BlackRock Europe Equities (active)		**Year to 30 June 2020**
	Votable proposals	875
	% of resolutions voted	94%
	% of resolutions voted against management	9%
	% of resolutions abstained	1%
BlackRock US Equities (passive)		**Year to 30 June 2020**
	Votable proposals	7,613
	% of resolutions voted	100%
	% of resolutions voted against management	6%
	% of resolutions abstained	0%
BlackRock Asia Pacific Equities (passive)		**Year to 30 June 2020**
	Votable proposals	3,057
	% of resolutions voted	100%
	% of resolutions voted against management	11%
	% of resolutions abstained	0%

BlackRock Japan Equities (passive)		**Year to 30 June 2020**
	Votable proposals	6,120
	% of resolutions voted	100%
	% of resolutions voted against management	4%
	% of resolutions abstained	0%

iShares S&P 500 ETF (passive)		**Year to 30 June 2020**
	Votable proposals	6,633
	% of resolutions voted	100%
	% of resolutions voted against management	6%
	% of resolutions abstained	0%

iShares FSTE MIB ETF (passive)		**Year to 30 June 2020**
	Votable proposals	512
	% of resolutions voted	100%
	% of resolutions voted against management	27%
	% of resolutions abstained	1%