

Implementation Statement

University of Leeds Pension and Assurance Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the University of Leeds Pension and Assurance Scheme (PAS) to set out the following information over the year to 31 March 2024:

- the voting activity undertaken by the PAS's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes; and
- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. The SIP was last reviewed in March 2024 and has been made available online. This update included incorporating a Responsible Investment Policy into the SIP.

To enable the Trustee to make high quality decisions, fact-finding and analysis related to stewardship of the PAS's assets is delegated to the Trustee's independent investment advisor. The investment managers research companies, identify any issues and then engaging with them as necessary based on their own stewardship policies. The Trustee has set a Stewardship Priority of Environmental and Climate issues. The Trustee will review the Stewardship Priority periodically.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the PAS's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- With the exception of the segregated Liability Driven Investment portfolio with Schroders, which has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate, the PAS invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the PAS's investment managers.
- During the year the Trustee implemented an allocation of 7.5% of the PAS's total invested assets to an actively managed Impact fund within the Equity Portfolio, the Alliance Bernstein Sustainable Global Equity Fund. This fund invests in an actively managed, diversified portfolio of shares in global companies that are identified as positively contributing to sustainable investment themes derived from the UN Sustainable Development Goals. This investment was made in line with the PAS's Responsible Investment Policy, which states that "the Trustee will look for opportunities to include within the PAS's portfolio investments that will have a positive and, where possible, measurable impact on society and the environment".
- On an annual basis the Trustee receives voting information and engagement policies from the PAS's investment managers, which is reviewed to ensure alignment with the Trustee's stewardship.

- The annual monitoring exercise has not been carried out since the stewardship priority was selected, but in future this process will consider alignment of voting and engagement activities with this priority.
- The Trustee's annual review of their investment managers involves considering sustainability ratings provided by its investment consultant, as a measure of how the PAS's investment managers take account of sustainability issues.
- During the year, the Trustee's review of the PAS's investment managers' approaches to ESG and engagement was carried out in August 2023, and related to activity over the year to 31 March 2023. As a result of this monitoring, the Trustee believes that the voting and engagement activities undertaken by the investment managers on their behalf have been in the members' best interests. The Trustee subsequently carried out monitoring of the investment managers' approaches to ESG and engagement over the year to 31 March 2024 at the Trustee meeting on 6 September 2024.
- Overall, the Trustee does not have any material concerns with the ESG and Stewardship activities of the PAS's holdings. Following the monitoring described above, the Trustee raised some queries with the PAS's investment managers, and considered the responses to these queries to be appropriate.
- Most of the PAS's investment managers were able to provide evidence that they are actively engaging with key stakeholders on behalf of the Trustee where possible, although the nature of some of the funds the PAS invests in means this is not always possible. The investment into these funds were made before the PAS's policies on ESG, stewardship and Responsible Investment were put in place. As the investments in these funds wind down, the Trustee will take into account their policies for considering ESG and stewardship as part of determining any new funds to invest in.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable that the action of the PAS's investment managers has been in alignment with the PAS's stewardship policies.

**On behalf of the Trustee of the University of Leeds PAS
September 2024**

Voting activity over the year to 31 March 2024 | Summary

This section provides a summary of the voting activity undertaken by the investment managers within the PAS's Growth Portfolio on behalf of the Trustee over the year to 31 March 2024.

This does not include the holdings in the WTW Secure Income Fund, Henderson Multi Asset Credit Fund, M&G Real Estate Debt (RED) Funds, Mercer PIP V Infrastructure Fund, or the Polus Pathfinder II Fund, as the holdings in these funds do not typically carry voting rights. This is also the case of the funds held in the PAS's Protection Portfolio.

Manager	Legal and General (LGIM)			Ninety One Asset Management	Alliance Bernstein
Fund name	ESG Paris Aligned World Equity	RAFI Multi-Factor Climate Transition	Diversified Fund	Emerging Markets Equity Fund	Sustainable Global Equity Fund
Structure	Pooled	Pooled	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.				
No. of eligible meetings	1,219	816	8,997	132	54
Percentage of resolutions voted	99.8%	99.8%	99.8%	91.6%	100.0%
Percentage of resolutions abstained	0.2%	0.3%	0.3%	2.8%	4.0%
Percentage of resolutions voted with management	78.1%	77.6%	76.6%	91.0%	93.0%
Percentage of resolutions voted against management	21.8%	22.2%	23.1%	6.2%	3.0%
Proxy voting advisor employed	Both managers use the Institutional Shareholder Service (ISS) who provide research recommendations based on their internal voting policies. The managers consider and discuss this with their respective investment teams to make a decision in the best interest of the shareholders.			Alliance Bernstein uses ISS and Glass Lewis who provide research services. However, Alliance Bernstein vote in accordance with the Alliance Bernstein Proxy Voting and Governance Policy.	
Percentage of resolutions voted against proxy voter recommendation	16.3%	17.4%	14.5%	2.4%	3.0%

Voting activity over the year to 31 March 2024 | Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a PAS’s stewardship priorities / themes.

LGIM have provided a selection of 10 votes which they believe to be significant. The Trustee selected the most significant votes for each fund which relate to the stewardship priorities of the PAS where possible. This year Ninety One have only provided one significant vote as based on their significant vote framework this was the only proposal that met their criteria. Alliance Bernstein have provided three votes which they believe to be significant.

LGIM | ESG Paris Aligned World Equity

	Vote 1	Vote 2	Vote 3
Company name	JPMorgan Chase & Co	Broadcom Inc	Schneider Electric SE
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.0%	0.7%	0.3%
Summary of the resolution	Report on Climate Transition Plan describing efforts to align financing activities with GHG targets	Elect Director Henry Samueli	Approve Company's Climate Transition Plan
How the manager voted	For (against management recommendation)	Against (against management recommendation)	Against (against management recommendation)
Rationale provided for the voting decision	LGIM generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets published to the market can help focus the board's attention.	LGIM voted against this resolution as the company is deemed to not meet minimum standards with regard to climate risk management.	LGIM voted against this resolution as they expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 emissions and short-, medium- and long-term emissions reduction targets consistent with the 1.5°C goal.
Outcome of the vote	34.8% (Fail)	97.8% (Pass)	31.8% (Fail)
Implications of the outcome	LGIM will continue to engage with the company and monitor progress. LGIM continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.		LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress
Criteria on which the vote is considered “significant”	Pre-declaration and in line with Stewardship Priority. LGIM considers this vote to be significant as LGIM pre-declared their intention to support.	In line with Stewardship Priority. This vote was applied under LGIM's Climate Impact Pledge, targeting companies in climate-critical sectors.	In line with Stewardship Priority. LGIM expect transition plans to be both ambitious and credibly aligned to a 1.5C scenario. LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

LGIM | RAFI Multi-Factor Climate Transition

	Vote 1	Vote 2	Vote 3
Company name	Citigroup Inc.	Chevron Corporation	Broadcom Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.1%	0.7%	0.4%
Summary of the resolution	Adopt Time-Bound Policy to Phase Out Underwriting and Lending for New Fossil Fuel Development	Elect director Michael K. (Mike) Wirth	Resolution 1g - Elect Director Henry Samueli
How the manager voted	For (Against Management Recommendation)	Against (against management recommendation)	Against (against management recommendation)
Rationale provided for the voting decision	<p>Last year LGIM supported several shareholder resolutions at the North American banks that sought to halt the financing of new oil and gas projects. As investors advocating for a just and orderly energy transition, which satisfies all aspects of the current energy crisis (energy security, affordability and sustainability). LGIM continue to emphasise that the boards of financial institutions need to closely consider their strategy and risk appetite towards fossil fuels into the near future.</p>	<p>LGIM voted against this resolution as the company is deemed to not meet minimum standards with regard to climate risk management. Additionally, LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>	<p>LGIM voted against this resolution as the company is deemed to not meet minimum standards with regard to climate risk management.</p>
Outcome of the vote	9.9% (Fail)	16.3% (Fail)	97.8% (Pass)
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.		
Criteria on which the vote is considered "significant"	<p>Pre-declaration and in line with Stewardship Priority. LGIM considers this vote to be significant as LGIM pre-declared their intention to support.</p>	<p>In line with Stewardship Priority. LGIM considers these votes to be significant they were applied under the Climate Impact Pledge, LGIM's flagship engagement programme targeting companies in climate-critical sectors.</p>	

LGIM | Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Tencent Holdings Limited	Toyota Motor Corp.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.3%	0.2%
Summary of the resolution	Approve the Shell Energy transition progress	Elect Jacobus Petrus (Koos) Bekker as Director	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
How the manager voted	Against (against management recommendation)	Against (against management recommendation)	For (Against Management Recommendation)
Rationale provided for the voting decision	<p>LGIM voted against this resolution though not without reservations. LGIM acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>	<p>LGIM voted against this resolution as the company is deemed to not meet minimum standards with regard to climate risk management. Additionally, LGIM expects the Committee to comprise independent directors.</p>	<p>LGIM supports climate lobbying for a net zero economy transition, arguing that companies should advocate for policies supporting global climate ambitions. They acknowledge Toyota Motor Corp's progress in climate lobbying disclosure but demand more transparency and improved governance structure for the review. LGIM also expects Toyota to clarify its multi-pathway electrification strategy and climate lobbying practices.</p>
Outcome of the vote	80% (Pass)	88.4% (Pass)	15.1% (Fail)
Criteria on which the vote is considered "significant"	<p>In line with Stewardship Priority. LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>		

Ninety One | Emerging Markets Equity Fund

Vote 1

Company name	WH Group Limited
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided
Summary of the resolution	Authorize Reissuance of Repurchased Shares
How the manager voted	Against
Rationale provided for the voting decision	Allowing the reissuance of shares previously bought back in combination with an additional voting item allows the company to issue up to 20% of its shares without pre-emption. Ninety One considers this a serious breach of their guidelines and therefore voted against.
Outcome of the vote	Passed
Criteria on which the vote is considered "significant"	Ninety One describes significant votes as those with significant client, media or political interest, material holdings, those of a thematic nature (i.e., climate change) and significant corporate transactions that have a material impact on future company performance, for example approval of a merger.

Alliance Bernstein | Sustainable Global Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	Deere & Company	Bruker Corporation	Microsoft Corporation
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5%	1.2%	3.2%*
Summary of the resolution	Submit Severance Agreement (Change-in-Control) to Shareholder Vote	Advisory Vote to Ratify Named Executive Officers' Compensation	Report on Climate Risk in Retirement Plan Options
How the manager voted	For	Against	Against
Rationale provided for the voting decision	Based on Alliance Bernstein's Shareholder Proposal Assessment Framework, the proposal appears to be value-additive.	Despite Alliance Bernstein's engagements with the company, the long term incentive plan continues to lack disclosure and is majority time-based. In addition, 30% of the STI remains a discretionary performance assessment. Further, legacy concerns remain over the modified single trigger vesting provision.	Alliance Bernstein voted against similar proposals at other US companies over the past two years. Given that the company offers a range of options for its employees and that the responsibility remains with the plan fiduciary as defined by the US Department of Labour, support is not warranted.
Outcome of the vote	Failed	Pass	Failed
Implications of the outcome	While the proposal failed to receive majority support, Alliance Bernstein will continue to monitor any developments in the company's compensation arrangements, including any potential changes to change-in-control severance policy.	While the compensation proposal ultimately passed, Alliance Bernstein will continue to monitor compensation practices and suggest improvements during engagements, as the current structure does not meet their expectations.	While Alliance Bernstein ultimately had no concerns with Microsoft's sustainable retirement plan options, they continue to monitor the climate shareholder proposal landscape and engage issuers where appropriate.
Criteria on which the vote is considered "significant"	Alliance Bernstein consider this vote significant as they voted for a shareholder proposal at a company for which Alliance Bernstein holds a large position.	Alliance Bernstein consider this vote significant as they voted against Management Say on Pay at a company for which Alliance Bernstein holds a large position.	Related to Stewardship Priority.

*Alliance Bernstein have provided the size of the holding for Vote 3 as at 31 December 2023.

Engagement activity over the year to 31 March 2024

The investment managers may engage with investee companies on behalf of the Trustee. The tables below provide a summary of the engagement activities undertaken by each manager during the year for the relevant funds. Engagement activities are limited for the PAS's Protection Portfolio due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Engagement overview | Equity Portfolio

Manager	LGIM		Ninety One	Alliance Bernstein
Fund name	ESG Paris Aligned World Equity	RAFI Multi-Factor Climate Transition	Emerging Markets Equity Fund	Sustainable Global Equity Fund
Does the manager perform engagement on behalf of the holdings in the fund	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	342	252	101*	116
Number of engagements undertaken at a firm level in the year	2,144		465	5,054

*This figure reflects the manager's engagement with the wider emerging market universe, not just the fund's holdings.

Engagement overview | Non-Equity Growth Portfolio

Manager	LGIM	M&G*	Mercer**	Willis Towers Watson***	Polus	Janus Henderson
Fund name	Diversified Fund	Real Estate Debt (RED) Funds IV and V	PIPV Infrastructure	Secure Income Fund	Pathfinder Fund II	Multi-Asset Credit Fund
Does the manager perform engagement on behalf of the holdings in the fund	Yes	Yes*	Yes	Yes	No	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	1643	n/a	Not tracked	22	n/a	49
Number of engagements undertaken at a firm level in the year	2,144	346	Not tracked	297***	149	865

*M&G's ability to control and dictate ESG initiatives at the borrower level is limited once an investment has been made, as they do not hold a controlling equity interest where they would be more readily able to influence policy. However, engagement on ESG related issues forms part of the due diligence and initial negotiation process prior to the investment being executed.

**As a fund-of-funds provider, although Mercer engage with the underlying fund managers, they do not engage directly with the underlying holdings within the fund, nor do they currently keep a record of the engagements undertaken by the underlying fund managers. This is partly due to the differing reporting provided by the underlying fund managers on engagement activities within private markets, which makes it difficult to collate and compare between different providers. Mercer are working with the underlying fund managers to improve this reporting for future years.

***Willis Towers Watson collate firmwide engagement figures on an annual basis therefore this figure relates to the 12 months to 31 December 2023.