

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 2023:

- 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) in force at 31 March 2023 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed prior to this date in March 2022 and has been made available online.

At this time, the Trustee has not set stewardship priorities / themes for the PAS but will be considering the extent that they wish to do this in due course, in line with other scheme risks.

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.
- The Trustee has earmarked an allocation of 7.5% of the PAS's total invested assets to an actively managed Impact fund within the Equity Portfolio, subject to finding a suitable fund. These are funds that, alongside their return targets, aim to make a positive societal and/or environmental impact through the investments made. Sustainability considerations have therefore been fundamental throughout this selection process. The Trustee met with three managers of Impact equity funds following the year-end with a view to potentially making an investment into one of the funds during the year to 31 March 2024.
- Annually 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 policies. The Trustee believes that the voting and engagement activities undertaken by the investment managers on their behalf have been in the members' best interests. During the year, the Trustee reviewed each of the PAS's investment managers' approaches to ESG and engagement, and carried out monitoring of their activity over the year to 31 March 2022, to ensure this was in line with expectations. This involved

considering Sustainability ratings provided by its investment consultant, as a measure of how the PAS's investment managers take account of Sustainability issues.

- As part of ongoing monitoring of the PAS's investment managers, the Trustee uses ESG ratings information provided by its investment consultant, to assess how the PAS's investment managers take account of ESG issues.
- Overall, we do not have any material concerns with the ESG and Stewardship activities of the PAS's holdings, and therefore have raised no direct challenges with any of the investment managers relating to their ESG or Stewardship activities during the year. 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.

**On behalf of the Trustee of the University of Leeds PAS
August 2023**

Voting activity over the year to 31 March 2023 | 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 2023.

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	
Fund name	ESG Paris Aligned World Equity	RAFI Multi-Factor Climate Transition	Diversified Fund	Emerging Markets Equity Fund	China A Shares 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	1,250	873	9,541	121	110
No. of eligible votes	17,551	12,561	99,252	1,315	1,104
Percentage of resolutions voted	99.7%	99.5%	99.8%	96.1%	94.6%
Percentage of resolutions abstained	0.2%	0.3%	0.7%	3.4%	2.5%
Percentage of resolutions voted with management¹	78.8%	79.8%	77.4%	90.4%	85.6%
Percentage of resolutions voted against management¹	21.1%	19.9%	21.9%	9.7%	14.4%
Proxy voting advisor employed	Both managers use the Institutional Shareholder Service ("ISS") who provide them with 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.				
Percentage of resolutions voted against proxy voter recommendation	14.8%	15.6%	12.5%	1.5%	2.1%

¹ As a percentage of the total number of resolutions voted on. Values may not sum to 100% due to rounding.

Voting activity over the year to 31 March 2023 | 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 scheme’s stewardship priorities / themes. At this time, the Trustee has not set stewardship priorities / themes for the PAS, but will be considering the extent that they wish to do this in due course, in line with other scheme risks. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM and Ninety One have provided a selection of 10 votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the PAS. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

LGIM | ESG Paris Aligned World Equity

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	NVIDIA Corporation	Alphabet Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.0%	1.8%	1.2%
Summary of the resolution	Elect Director Daniel P. Huttenlocher	Elect Director Harvey C. Jones	Report on Physical Risks of Climate Change
How the manager voted	Against	Against	For
Rationale provided for the voting decision	Human rights: A vote against was applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Diversity: LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Independence: LGIM expects a board to be regularly refreshed to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Shareholder Resolution - Climate change: LGIM expects companies to be taking sufficient action on the key issue of climate change.
Outcome of the vote	93.3% voted for	83.8% voted for	17.7% voted for
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

LGIM | RAFI Multi-Factor Climate Transition

	Vote 1	Vote 2	Vote 3
Company name	Pfizer Inc.	UBS Group AG	The Coca-Cola Company
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.6%	0.1%	1.2%
Summary of the resolution	Elect Director Albert Bourla	Approve Climate Action Plan	Require Independent Board Chair
How the manager voted	Against	Against	For (management recommendation: against).
Rationale provided for the voting decision	Joint Chair/CEO: LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.	Climate change: LGIM positively note the company's progress over the last year and its recent commitment to net zero by 2050 across its portfolio. However, LGIM have concerns with the strength and coverage of the Climate Action Plan's Scope 3 targets and would ask the company to seek external validation of its targets against credible 1.5°C scenarios. Gaining approval and verification can help demonstrate the credibility and accountability of plans.	Shareholder Resolution - Joint Chair/CEO: LGIM expects companies to establish the role of independent Board Chair.
Outcome of the vote	94.6% voted for	77.7% voted for	27.8% voted for
Implications of the outcome	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"	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

LGIM | Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Union Pacific Corporation	NextEra Energy, Inc.	Royal Dutch Shell Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.4%	0.3%	0.3%
Summary of the resolution	Elect Director Lance M. Fritz	Elect Director Rudy E. Schupp	Approve the Shell Energy Transition Progress Update
How the manager voted	Against	Against	Against
Rationale provided for the voting decision	<p>Joint Chair/CEO: LGIM expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.</p>	<p>Diversity: LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue.</p> <p>Independence: LGIM expects a board to be regularly refreshed to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>	<p>Climate change: A vote against was applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.</p>
Outcome of the vote	91.7% voted for	85.9% voted for	79.9% voted for
Criteria on which the vote is considered "significant"	<p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).</p>	<p>LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</p>	<p>LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p>

Ninety One | Emerging Markets Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	Anglo American Plc	Atacadao SA	Saudi National Bank
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		Not provided	
Summary of the resolution	Approve Climate Change Report	Approve Acquisition of Grupo BIG Brasil S.A. (Grupo BIG)	Amend Social Responsibility Policy

	Vote 1	Vote 2	Vote 3
How the manager voted	For	For	For
Rationale provided for the voting decision	<p>The Company meets expectations in terms of disclosure and governance surrounding climate change. The Company's long-term goals have a shorter time frame than many peers (2040, as opposed to 2050). Its ambition is for carbon neutrality across operations by 2040. Although the Scope 3 ambitions do not include a net zero target, it has provided targets to 2040, accompanied by clear descriptions of the challenges it faces and its intended actions to decrease its scope 3 targets. There has been accelerated progress towards Scope 1 and 2 emissions reduction.</p>	<p>The company has provided a sound strategic rationale for the proposed acquisition. The 5.55% full dilution to current shareholders is reasonable and there are no known concerns about the terms of the transaction.</p>	<p>Given the sufficient level of disclosure and the absence of significant concerns, this item warranted support.</p>
Outcome of the vote	Passed	Passed	Passed
Criteria on which the vote is considered "significant"	<p>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.</p>		

Ninety One | China A Shares Fund

	Vote 1	Vote 2	Vote 3
Company name	PetroChina Company Limited	China Automotive Engineering Research Institute Co., Ltd.	Guangzhou Tinci Materials Technology Co., Ltd.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided		
Summary of the resolution	Approve Guarantees to be Provided to the Subsidiaries and Affiliated Companies of the Company and Relevant Authorization to the Board	Approve Guarantee Provision Plan	Approve Establishment of Wholly-owned Subsidiary to Invest in Construction of Lithium-ion Battery Electrolyte Project and Lithium-ion Battery Recycling Project
How the manager voted	Against	Against	For
Rationale for the voting decision	A vote against this resolution was warranted because the company failed to disclose pertinent details regarding the proposal.	A vote against was warranted because the level of guarantee to be provided to one of the guaranteed entities is disproportionate to the level of ownership in the entity. The company has failed to provide any justification for their actions.	A vote for was merited because no concerns were identified.
Outcome of the vote	Passed	Passed	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.		

Engagement activity over the year to 31 March 2023

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	
Fund name	ESG Paris Aligned World Equity	RAFI Multi-Factor Climate Transition	Emerging Markets Equity Fund	China A Shares 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	336	298	95*	95*
Number of engagements undertaken at a firm level in the year	1,088		503	

*This figure reflects 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 (previously Cairn)	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	985	n/a	Not tracked	48	n/a	56
Number of engagements undertaken at a firm level in the year	1,088	150	Not tracked	Not provided	65	680

*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.

***The Janus Henderson firm level engagement figure has been provided using data available over the year to 31 December 2022.