Implementation Statement, covering the Scheme Year from 1 April 2023 to 31 March 2024 (the "Scheme Year")

The Trustee of the LEONI UK Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 and 2 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Scheme Year, in December 2023, to reflect the outcome of the investment strategy review carried out in February 2023 and the DWP's new guidance on *"Reporting on Stewardship and Other Topics through the SIP and Implementation Statement"* which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship. Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

The Trustee took steps to review the Scheme's existing managers and funds over the period.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These approaches are detailed in section 3.

However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

In the previous Scheme year, the Trustee set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors, which were:

- Climate change;
- Human rights; and
- Business ethics.

These priorities have been selected as key market-wide risks and areas where the Trustee believes that good stewardship and engagement can improve long-term financial outcomes for the Scheme's members. The Trustee communicated these priorities to its managers in February 2023.

At the Trustee's annual investment meeting in February 2024, the Trustee questioned the attending managers (Alcentra, M&G, CTI and Ruffer) about their approaches to responsible investment and stewardship. The Trustee was satisfied with the responses they received.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

Following a review of the investment strategy during the Scheme year, the Trustee agreed to fully disinvest from the Ruffer Absolute Return Fund and the JP Morgan Infrastructure Fund in February and March 2024 respectively. Furthermore, the Trustee invested in a new pooled fund, the CTI Net Zero Transition Low Duration Credit Fund, in March 2024. In selecting and appointing this manager, the Trustee reviewed LCP's advice which included an assessment of the managers approach to responsible investment.

3. Description of voting behaviour during the Scheme Year

Before the full divestment of the Scheme's holdings in the Ruffer Absolute Return Fund, in March 2024, all of the Scheme's holdings in listed equities were within this pooled fund and the Trustee had delegated to Ruffer the exercise of voting rights. Therefore, the Trustee was not able to direct how votes were exercised and the Trustee itself has not used proxy voting services over the Scheme Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Ruffer Absolute Return Fund, which the Scheme held during the year.

In addition to the above, the Trustee contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year.

Where available we have also included commentary on the following funds provided by the Scheme's asset managers who don't hold listed equities but invest in assets that can sometimes have voting opportunities:

- Alcentra Strategic Credit II fund
- M&G Secured Property Income fund
- J.P. Morgan Infrastructure Investments Fund
- CTI Net Zero Transition Low Duration Credit Fund

3.1 Description of the voting processes

For assets with voting rights, the Trustee relied on the voting policy which it's manager had in place.

Ruffer

To ensure that Ruffer acts in the best interests of its clients and investors, Ruffer reviews local best practices and corporate governance codes. Where companies do not comply with best practice, Ruffer considers their explanations before voting.

Ruffer have developed an integrated voting platform linked to proxy voting research, currently provided by Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer acknowledges proxy advisers' voting recommendations, Ruffer generally does not delegate or outsource its voting decisions.

Research Analysts are responsible for reviewing the relevant issues case by case and exercising their judgement, based on their in-depth knowledge of the company. They are supported by Ruffer's Responsible Investment team.

3.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below.

	Ruffer Absolute Return Fund*
Total size of fund at end of the reporting period	£2,716.3m
Value of Scheme assets at end of the reporting period (£)	c£7.38m (as at 29 February 2024)

Number of equity holdings at end of the reporting period	63
Number of meetings eligible to vote	63
Number of resolutions eligible to vote	997
% of resolutions voted	100%
Of the resolutions on which voted, % voted with management	94.8%
Of the resolutions on which voted, % voted against management	3.6%
Of the resolutions on which voted, % abstained from voting	1.6%
Of the meetings in which the manager voted, % with at least one vote against management	27.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	9.7%

Note: Figures may not sum due to rounding. *The Scheme fully redeemed it's holdings in the Ruffer Absolute Return Fund on 29 February 2024, therefore the Ruffer voting figures shown only cover the period 1 April 2023 – 29 February 2024 (i.e., the period over which the Scheme was invested in Ruffer)

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria[1] for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement.

Given the most significant votes below, the Trustee concludes that Ruffer has voted on resolutions relevant to its stewardship priorities and is comfortable with the voting behaviour detailed in this section.

[1] Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

Ruffer's "most significant" votes	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Bayer AG	BP Plc	Swire Pacific Limited	Coty Inc	ArcelorMittal
Date of vote	28 April 2023	27 April 2023	30 August 2023	02 November 2023	02 May 2023
Approx size of holdings at vote date (as % of portfolio)	0.19%	0.48%	0.33%	0.24%	0.29%
Why has this vote been chosen as most significant?	Ruffer believes this vote will be of particular interest to their clients. Ruffer supports companies in the provision of long term incentives for senior management.	Relevant to Trustee's stewardship priorities (climate change)	Ruffer believes this vote will be of particular interest to their clients. They analyse and support companies in conducting business transactions that are in the best interest of shareholders.	Relevant to Trustee's stewardship priorities (business ethics)	Ruffer believe that votes on the election of directors for material holdings are significant. These arise after discussion between members of the research, portfolio management and responsible investment teams
Summary of the resolution	Governance - Approve remuneration report	Environmental - Approve shareholder resolution on climate change targets	Governance - shareholders rights	Governance – Re-elect Mariasun Aramburuzabala as Director	Governance – Re-elect Lakshmi Niwas Mittal as Director
How Ruffer voted	For	Against	For	For	For
Where Ruffer voted against management, was it communicated to the company ahead of the vote?	N/A - voted with management	N/A - voted with management	N/A - voted with management	Ruffer voted with management but met with the company prior to the vote to discuss.	N/A - voted with management
Rationale for the voting decision	Ruffer voted in favour of the 2022 compensation report. They have voted against the report for the past two AGMs. Their reasoning is, over this period Bayer has changed its Chairman (Winkeljohann) and recruited an external CEO (Anderson) and, shows evidence of a thoughtful engagement on remuneration with shareholders in their report. Ruffer views changes in senior leadership as key to delivering upon Bayer strategy,	BP has, in Ruffer's opinion, outlined a credible transition strategy with appropriate decarbonisation targets, that reflects demand for oil & gas energy whilst allocating capital to the 'transition growth engines'. Whilst BP has tightened & reduced its 2025 and 2030 aims, it has retained its 2050 net zero target. Further, it has committed additional capital to the transition which BP argues is uncertain and therefore,	Ruffer voted in favour of the resolution to 'Approve Share Purchase Agreement and Related Transactions', supporting management, but against ISS. Ruffer believes that approving the sale of the US Coca-Cola bottling business to the controlling shareholder is in the best interests of the minority shareholders of Swire Pacific. The strategic rationale for this deal is in-line with the stated strategy of	ISS noted that the Aramburuzabala's attendance at board meetings was below the threshold it deems appropriate, therefore recommended a vote against. On the basis Coty has acknowledged her absence, stated it expects her attendance to increase in future and, her attendance fell just below the threshold (75%), Ruffer have elected to support management on this resolution.	Ruffer voted in line with the company but against ISS. ISS has flagged that Mr. Mittal is overboarded. He has two other boards, Aperam (Which is a spin out from ArcelorMittal), where he is a non-exec Chairman and Goldman Sachs Group, where he is a non-executive. Ruffer do not believe that Mr Mittal's commitments are excessive and believe that he is still able to

	reflecting a positive change in corporate governance at the company. Ruffer sees the increased shareholder engagement as a signal of improved transparency and disclosure between the company and its shareholders, boding well for future interactions.	locking into one, fixed strategy (through investing or divesting the wrong asset) is not in the best interests of generating shareholder value. The resolution would require a wholesale shift in strategy, which Ruffer believes is unnecessary given the Board has opined on net zero and published a strategy. Secondly, BP in isolation has no control over what global scope 3 emissions should be under Paris, given the world continues to emit carbon and one would expect the Scope 3 reduction will have to be steeper the nearer society gets to 2030.	the company to focus geographically on operations in China and SE Asia. Furthermore, this transaction realises significant hidden value for shareholders and this value is being returned to shareholders in the form of a special dividend. Lastly, given the higher-interest rate environment, it makes sense to lower the leverage employed in the business, which a part of the proceeds of this transaction is going to be put towards. ISS abstained from the vote, and Ruffer believe their analysis is poor and lacking thoughtfulness. Nevertheless, Ruffer's key issue with the deal is on the price paid, and how this has been communicated to shareholders. On balance Ruffer felt comfortable with this transaction and have raised their concerns in a meeting with management (the Chairman and the Finance Director) Considering all these, Ruffer concluded that receiving a fair price while unlocking latent value within the conglomerate and refocussing the company on its core strengths in China and SE Asia are sufficient reasons for them to support this transaction.		commit the time required for his role at the company.
The outcome of the vote	The resolution passed with 52% voting for.	Resolution failed with 83% voting against.	Resolution passed with 100% voting for.	Resolution passed with 70% voting for.	Resolution passed with 95% voting for.
Next steps	Ruffer will continue to engage with the company on governance issues and vote on remuneration proposals where it believes it will have material impact to the company.	Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions where deems unnecessary.	Ruffer will monitor the business transaction and the way it is being executed, and will engage accordingly, if Ruffer feels the need to.	Ruffer may reassess its position at the next AGM if her attendance does not increase.	Ruffer will continue to engage with the company on governance issues and feedback its concerns on the representation on the Board.

3.4 Votes in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers which don't hold listed equities, but invest in assets that had voting opportunities during the Scheme Year:

Alcentra Strategic Credit II fund

"As a credit manager, proxy voting is not material within the context of our activities. The number of occasions when Alcentra will be engaged in proxy voting will be limited. It is most likely to occur with high yield bond investments, where an allocation may take on formal voting rights. In such instances, Alcentra uses the opportunity to vote on matters concerning governance and corporate responsibility, applying consistent policies and processes for voting across all instruments and geographies.

Alcentra generally will not be called upon to vote for proxies for its syndicated loan and private credit investments because of the nature of the instruments involved in the investment strategy (i.e., loans rather than securities). An exception is when Alcentra may hold loan investments which could be converted to voting securities. Proxy votes are also not generally conducted for corporate bonds. In addition, proxy votes may take place from time to time on structured credit investments where our fund holds the equity tranche.

When engaged by a client to provide discretionary advisory services, Alcentra is typically delegated the responsibility to vote on matters considered at portfolio companies' shareholder meetings, usually by means of a proxy ballot ("proxy voting"). In these instances, Alcentra has a duty to monitor corporate events and to vote proxies in the best interest of its client and not subrogate the interests of its clients to its own interests. This generally means voting with a view toward enhancing the economic value of the investment.

When it has voting responsibility, Alcentra will make every attempt to vote when given an opportunity to do so. However, there may be instances when the Firm is unable or unwilling to vote because of legal or operational difficulties or because it believes the administrative burden and/or associated cost exceeds the expected benefit to a client. Alcentra reviews the circumstances for each vote to determine which stance would best serve its clients and votes accordingly

Loan and bond investments generally do not confer creditors voting rights unlike for equity holders. Where we have minority equity interests in deals we frequently aren't asked to vote as the corporate documents are set-up so that the sponsor can pass any shareholder resolutions needed without our participation in any event. Also our rights are usually limited to certain minority protections. Where we own companies we exercise control by including language in the deal documentation requiring the board to seek investor consent for matters that we want to approve as the manager. This is usually done via the Alcentra investor representative on the board (where relevant) rather than having a formal shareholder vote.

The Fund may hold equity positions in stressed and distressed issuers. Our seasoned analysts are in close contact with these firms and closely monitor their respective situations. We will use our voting rights to push through our support all initiatives that benefit our end investors. Any such initiative will be in accordance with the spirit and the letter of the various ESG initiatives, such UN PRI or TCFD, to which we are signatories.

For example, on a select few investments, Alcentra has board representation, with positions including Chairman of the Board, Chairman of the Audit Committee and a Remuneration Committee Member. From these positions, Alcentra representatives then regularly engage with the credit analysts to provide them with the benefit of their experiences to help with transparency and commerciality across a number of ESG factors and best practices. We find this particularly beneficial when dealing with company management teams and board members."

J.P. Morgan Infrastructure Investments Fund

"The Fund targets majority and control positions to better enable the implementation of its business plans and other strategic initiatives via a disciplined and active asset management approach.

IIF has control positions in the vast majority of portfolio companies (often 100% control) and IIF's ability to take controlling states has increased over time as the Fund has grown. The Fund's efforts include forming boards for each portfolio company that include a majority of independent directors (non-J.P. Morgan/portfolio company personnel) and applying consistent risk management frameworks across sectors and geographies.Each senior investment principal directly sits on the board of 2-3 portfolio companies and also looks to source new transactions. Fundamentally IIG believes this provides a stronger alignment of interests and engagement than separate investment and asset management teams.Importantly IIG is complemented by ~100+ independent directors who sit on the boards of the Fund's portfolio companies and are not J.P. Morgan nor portfolio company personnel. These *directors are experts in their respective sectors/geographies and are crucial to the Fund's overall asset management capabilities and sourcing of new investment opportunities.*

Central to the Fund's asset management approach to delivering its objectives is governance. The Fund's governance approach is three-pronged, and entails:

a) Corporate Governance – The Fund targets majority and control positions to help enable the implementation of its business plans and other strategic initiatives. The boards of the Fund's portfolio companies include a majority of independent directors who are aligned to investor outcomes and local communities.

b) Fund Governance – An oversight function to help ensure the Fund is in compliance with its objectives. In addition to the Fund's Independent Board of Directors which includes no JPMAM personnel, IIG is subject to JPMAM's policies and procedures. The Fund also has an Investor Committee which is comprised of investors who commit USD 100 million or more to the Fund and is advisory in nature. The Investor Committee meets with IIG on a periodic basis, at least annually, for the purpose of exchanging information about the Fund. IIG provides the Investor Committee with (i) an update on the Fund's investment and performance; and (ii) an overview of the current investment opportunities available to the Fund. The Investor Committee may provide feedback to IIG on matters related to the Fund.

The views of the Investor Committee are only advisory and the Fund is under no obligation to act in accordance with these views. However, the Fund proactively seeks feedback to ensure it is consistently making improvements to the Fund and addressing investor needs.

c) Risk Governance – The process to identify, assess, monitor and help mitigate risk at each of the portfolio companies and across the broader portfolio. In addition to the IIF Independent Board's oversight of risk, IIG has a risk committee that meets quarterly and a risk register process at every portfolio company and at the level of the Fund itself."

M&G Secured Property Income fund ("SPIF")

"SPIF is a real estate fund, thus we own buildings rather than investments within companies. As such, we engage in a different way to shareholders/bondholders (i.e. we do not attend AGMs/Company meetings/have voting rights).

We do however frequently engage with the Fund's underlying tenants at asset level on a regular basis, typically with the Head of Property/CFO/Head of Sustainability. For example, SPIF engages with tenants, typically quarterly, on ESG initiatives such as net zero targets and energy efficiency of the underlying assets".

CTI Net Zero Transition Low Duration Credit Fund

"As the Net Zero Transition Low Duration Credit Fund is a credit fund, it does not hold voting stock but we do engage with companies held in the portfolio.

We engage companies with a view to improving their governance, managing their impacts on the environment and society, and enhancing their business performance. Engagement targets are achieved and recorded when a company responds to engagement by adopting new policies and strategies in line with our recommendations. We also engage on macroeconomic issues that could impact the investment climate of the funds, including emerging regulatory or industry standards on ESG issues. In all cases, we use our influence as an investor to deliver long-term value to our clients."