Implementation Statement, covering the Scheme Year from 1 April 2022 to 31 March 2023

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.

Members are allowed to invest in Additional Voluntary Contributions ("AVCs") to supplement the benefits they receive at retirement. The Trustee has omitted AVCs from this statement on materiality grounds.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

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.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed stewardship priorities for the Scheme 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 annual Trustee Investment days in February 2023, the Trustee questioned the attending managers (Alcentra, M&G, JP Morgan, 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.

3. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

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 Scheme's funds that hold equities as follows:

- Ruffer Absolute Return Fund

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

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

The Trustee's managers were asked to provide an overview of the process for deciding how to vote. The managers' processes are detailed below.

3.1.1 Ruffer Absolute Return Fund

Ruffer uses internal voting guidelines as well as proxy voting research, currently from Institutional Shareholder Services ("ISS"), to assist in the assessment of resolutions and the identification of contentious issues. Ruffer does not rely solely on its proxy vote advisers when deciding how to vote.

Research analysts, supported by Ruffer's dedicated responsible investment team, are responsible for reviewing the relevant issues on a case-by-case basis, and exercising their judgement based on their knowledge of the company in question. If there are any controversial resolutions, the issue is discussed with senior investment staff and can be escalated further to the Head of Research or Chief Investment Officer if no agreement is reached.

To aid Ruffer's proxy vote decisions, Ruffer discusses with companies any issue that could impact its investment and requests additional information or explanation on votes if necessary. If Ruffer votes against the recommendations of management, it seeks to communicate this decision to the company before the vote, along with an explanation on Ruffer's reason for doing so.

3.2 Summary of voting behaviour over the Scheme Year

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 Scheme Year	£4.6bn
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£8.0m
Number of equity holdings at end of the Scheme Year	65
Number of meetings eligible to vote	77
Number of resolutions eligible to vote	1305
% of resolutions voted	100%
Of the resolutions on which voted, % voted with management	94.2%
Of the resolutions on which voted, % voted against management	5.7%
Of the resolutions on which voted, % abstained from voting	0.1%
Of the meetings in which the manager voted, % with at least one vote against management	41.6%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	7.1%

3.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset manager 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.

Ruffer's "most significant" votes	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	BP Plc	Bristol-Myers Squibb Company	Equinor ASA	Cigna Corporation	Meta Platforms, Inc
Date of vote	12 May 2022	03 May 2022	11 May 2022	27 April 2022	26 May 2022
Approx size of holding at vote date (as % of portfolio)	3.1%	1.15%	0.54%	1.54%	0.29%
Why has this been chosen as a most significant vote	Relevant to Trustee's stewardship priotities (climate change)	Relevant to Trustee's stewardship priotities (business ethics)	Relevant to Trustee's stewardship priotities (climate change)	Relevant to Trustee's stewardship priotities (business ethics)	Relevant to Trustee's stewardship priotities (human rights)
Summary of the resolution	Environmental- Approve Shareholder Resolution on Climate Change Targets	Governance- Require Independent Board Chair	Environmental - Approve Company's Energy Transition Plan (Advisory Vote)	Social - Report on Gender Pay Gap	Social - Publish Third Party Human Rights Impact Assessment
How you voted	Against	For	For	Against	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Ruffer engaged with the company ahead of the AGM	N/A	Ruffer engaged with the company ahead of the AGM	No	N/A

[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.

Rationale for the voting decision	Ruffer voted in line with ISS and management. They have done extensive work on BP's work on the energy transition and climate change and Ruffer thinks they are industry leading. Ruffer supports management in their effort to provide clean, reliable and affordable energy and therefore voted against the shareholder resolution.	Ruffer's policy is to encourage the separation of the CEO & Chairman roles. This motion calls for the roles to be separated at the end of the current CEO/Chairman's term and these motions have been on the table for years, so the company should have time to manage the transition with limited disruption. Therefore support for this proposal is warranted at this time.	Ruffer voted for Equinor's transition plan because Ruffer is supportive of their efforts to decarbonise. Equinor is at the forefront of offshore wind developments and Ruffer has been impressed by their business success in that area. Ruffer engaged with the company and discussed their plan and disagrees with ISS's assessment. Equinor are one of few companies who have been profitable in aiming to decarbonise and Ruffer will support that.	Cigna uses an "equal pay for equal work" statistic and reports that there are no material differences in pay data related to gender or race. Although the equal pay for equal work statistic is subjective in that it allows the company to define what it considers an "equal job," the company does report its gender representation statistics and it additionally set a parity goal for leadership positions. As such, shareholders have enough information to assess how effectively company practices are working to eliminate discrimination in pay and opportunity in its workforce. Therefore, Ruffer determined that support for this resolution is not warranted at this time.	Facebook has received substantial media backlash over the use of its targeted advertising to discriminate against marginalized groups. Although the company has recently tightened its restrictions for targeting options, it still appears to be facing scrutiny on the topic. It has faced a number of legal risks due to lawsuits from the ACLU, HUD, FTC, and others. Given the large amount of company revenue that comes from advertisements, a third-party human rights impact assessment on the company's policies and practices related to targeted advertising could help shareholders assess Meta's management of human rights related risks.
The outcome of the vote	The resolution failed with 85.1% votes against.	The resolution failed with 54.9% votes against.	The resolution passed with 96.6% votes in favour.	The resolution failed with 66.8% votes against.	The resolution failed with 76.2% votes against.
Next steps	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 which they deem as unnecessary.	Ruffer will continue to engage with the company on governance issues and vote in favour of policies that favour a split between the CEO and Chairman roles.	Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.	Ruffer will continue to vote on shareholder resolutions that affect transparency over Diversity, Ethnicity, and Inclusion Efforts.	Ruffer will continue to vote on shareholder resolutions that affect transparency over Diversity, Ethnicity, and Inclusion Efforts.

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 sometimes have voting opportunities:

Alcentra Strategic Credit II fund

As a credit manager, 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 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.

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")

M&G engages with the occupiers in their buildings on ESG issues, but the Fund does not have voting rights.

As long-term investors, we take great care with our customers' savings and work closely with the management of those companies and assets we invest in to help ensure they are delivering the best possible risk-adjusted returns. This includes challenging the environmental, social and corporate governance practices of these companies if we think these pose a risk to long-term performance.

M&G believes that ESG factors can have a material impact on long-term investment outcomes. Our goal is to achieve the best possible risk-adjusted returns for our clients, taking into account all factors that influence investment performance. Consequently, ESG issues are integrated within investment decisions wherever they have a meaningful impact on risk or return.

Stewardship activities, such as monitoring and engaging with investee companies, as well as voting at shareholder meetings and reporting to clients, are undertaken by the investment teams, research analysts and members of our Stewardship and Sustainability team on an integrated basis. To ensure an integrated approach, regular investment meetings are held with investee companies (and meetings with potential investee companies), with representation from each team. This is then fed back into our internal view of the company.

As investors in private or illiquid asset classes, or where there is an intention to hold the asset to maturity, we undertake extensive due diligence and engagement prior to, and throughout, investment on the basis that the ability to add value occurs during the investment decision making process and that engagement is a more constructive decision than divestment.

We categorise company interactions into three types:

1. *Company meetings: as part of company monitoring, updates on trading strategy, capital allocation etc.*

2. *ESG-informed meetings: in company-monitoring meetings we may ask questions relating to ESG, which are recorded using hashtags as described above. This could include remuneration and more general governance meetings, or understanding a company's environmental and social policies and procedures, for example.*

3. *ESG engagements: these must have a specific objective, action and outcome which is measurable, and will be tracked over time. An ESG objective seeks to influence a company's behaviour or disclosures, and cannot be merely to increase understanding. Each engagement is assessed for its effectiveness and is designated a red, green or amber traffic light colour coding. Amber suggests further monitoring or engagement is required, green that the engagement was successful and red that it was not.*

Escalation is normally conducted by the investment team alongside the Stewardship and Sustainability team, and may involve meeting with the company's chair and/or senior independent director, the executive team, other shareholders and/or company advisers. In a limited number of cases, it may be appropriate for the Chief Executive Officer of M&G plc, or the Chief Investment Officer, to be involved.