

# Leek United Building Society Pension & Assurance Scheme

## Engagement Policy Implementation Statement

Financial Year Ending 24 April 2021

### Introduction

This statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance (“ESG”) factors and climate change set out in the Trustees’ Statement of Investment Principles (“SIP”) have been followed during the year to 24 April 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 and the guidance published by the Pensions Regulator.

### Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the investment objectives it has set. As set out in the SIP, the Trustees’ primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustees also aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

The objectives set out above provide a framework for the Trustees when making investment decisions.

### Policy on ESG, Stewardship and Climate Change

The Scheme’s SIP includes the Trustees’ policies on ESG factors, stewardship and climate change. Over the last year, the SIP was updated to include new policies covering five additional points around the Trustees’ arrangements with investment managers. To establish these policies, the Trustees discussed ESG and the latest regulatory requirements governing the inclusion of ESG policies at the Trustees’ meeting on 1 June 2020. The latest SIP and policies in question were approved on 28 August 2020.

The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

### Scheme’s Investment Structure

The Scheme’s only investment is a Trustee Investment Policy with Mobius Life Limited (‘Mobius’). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. As such, the Trustees have no direct relationship with the Scheme’s underlying investment managers.

### Trustee Engagement

Mercer’s investment performance reports are reviewed by the Trustees on a quarterly basis. These include Mercer’s ratings (both general and specific ESG) and enable the Trustees to determine whether further action should be taken in respect of specific funds. The Trustees are satisfied that Mercer’s ESG scores for the Scheme’s managers are satisfactory. There were no downgrades to the ESG ratings of any of the Scheme’s investment managers over the year.

### Assessment of how the Engagement Policies in the SIP have been followed for the year to 24 April 2021

The Trustees are satisfied that the Engagement Policies set out in the SIPs which have been in place over the year have been followed.

### Voting Activity

The Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustees have therefore effectively delegated their voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

The Trustees have not been asked to vote on any specific matters over the last year. Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e. all funds which include equity holdings) in which the Scheme's assets are ultimately invested.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next year's statement.

Manager / Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
<b>Baillie Gifford</b> Diversified Growth	No - All client voting decisions are made in house.	935 Resolutions eligible to vote on (c.95.72% cast)	c.5.14% of votes cast	c.1.23% of votes cast	Votes where Ballie Gifford holding will have a material impact on the outcome, where there has been failing in reporting requirements and changes to the structure of the company and/or the personal which Ballie Gifford opposes.	<b>Covivio REIT</b> – Voted against the new remuneration policy as they believe that it could lead to rewarding underperformance.  <b>Gecina</b> – Voted against a new incentive plan as they don't believe that there is sufficient alignment between pay and performance.
<b>Pictet</b> Multi Asset Portfolio	ISS – for voting execution and recommendations	411 votes cast	25	0	Classified as significant depending on subject matter, if the company is one of the largest holdings in the portfolio or if Pictet holds an important stake in the company.	<b>Mitchells &amp; Butlers</b> – Voted against the proposal of a restricted share plan as the company is replacing performance shares with restricted shares, with the latter being time-based instruments without conventional performance conditions.  <b>PayPal Holdings</b> – Voted for the proposal to adopt human and indigenous peoples rights policy supported as adoption of this proposal would serve to further enhance the company's stated commitment to recognise and integrate human and indigenous people's rights in its business operations as well as affirm its corporate social responsibility practice.

Notes: ISS = Institutional Shareholder Services Inc.