

# Engagement Policy Implementation Statement (“EPIS”)

## University of Hull Pension and Assurance Scheme (the “Scheme”)

### Scheme Year End – 5 April 2023

The purpose of the EPIS is for us, the Trustee of the University of Hull Pension and Assurance Scheme, to explain what we have done during the year ending 5 April 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

#### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

In our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

We delegate the management of the Scheme’s assets to our fiduciary manager, Aon Investments Limited (“Aon”). We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations.

Some underlying investment managers were unable to provide all the stewardship information requested. Our fiduciary manager will continue to engage with these managers to encourage them to provide more detailed and meaningful disclosures about their stewardship activities and better understand their engagement practices. The Trustee will engage with its Fiduciary Manager as necessary for more information, to ensure that robust active ownership behaviours, reflective of its active ownership policies, are being actioned.

## How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with our policy. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly Environmental Social Governance ("ESG") ratings from Aon for the funds the Scheme is invested in where available which are made available on their online reporting portal to which the Trustee has access.

The Scheme's stewardship policy can be found in the SIP:  
<https://www.hull.ac.uk/choose-hull/university-and-region/key-documents/docs/pension-and-assurance-scheme-statement-of-investment-principles.pdf>

## Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. At the time of writing the following underlying investment managers were unable to provide all the stewardship information requested:
  - GQG's and Harris's significant vote examples lacked some of the requested information.
  - While LGIM, BlackRock and M&G provided comprehensive lists of their fund-level engagements, which we find encouraging, these examples did not give as much detail as required by the industry standard engagement data request template.
  - Harris did not provide the engagement data requested. Harris said it does not track the engagement metrics requested.
  - Schroders did not provide any fund level engagement information. Schroders said that its third-party property managers are responsible for the day-to-day relationship with tenants and therefore engagement is difficult to quantify.
  - Blackstone did not provide the number of engagements at a firm- or fund- level.
  - CVC provided none of the engagement data requested, but did provide details of its ESG policy.

Our fiduciary manager will continue to engage with these managers to encourage them to provide more detailed and meaningful disclosures about their stewardship activities and better understand their engagement practices.

2. We will invite our fiduciary manager to a meeting to get a better understanding of how it is monitoring voting practices and engaging with underlying managers on our behalf, and how these help us fulfil our Responsible Investment policies.

## What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

*Source: UN PRI*

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3. We will undertake more regular meetings with our fiduciary manager if required, to ensure our fiduciary manager is using its resources to effectively influence positive outcomes in our relevant funds.

## Our fiduciary manager's engagement activity

We delegate the management of the Scheme's defined benefit assets to our fiduciary manager, Aon. Aon manages the Scheme's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have received Aon's latest annual Stewardship Report which details how Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code.

### What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

## Our underlying managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

### Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2023 which most closely matches the Scheme year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
<b>GQG - Global Equity Fund</b>	816	99.8%	10.3%	4.7%
<b>Harris - Global All Cap Equity Strategy</b>	889	100.0%	8.0%	0.0%
<b>GQG - Emerging Markets Equity Fund</b>	1,073	96.5%	8.8%	5.4%
<b>TT International - Emerging Markets Unconstrained Strategy</b>	1,005	99.0%	10.4%	1.8%
<b>LGIM - Multi-Factor Equity Fund</b>	11,712	99.8%	20.2%	0.1%
<b>Nordea - Global Climate and Environmental Fund</b>	824	99.2%	5.6%	1.6%

Source: Managers

### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

**Description of use of proxy voting advisers  
(in the managers' own words)**

GQG	<p>Portfolio management is responsible for proxy voting decisions. While the majority of portfolio company proxy votes are company-management-initiated, routine in nature, and voted in accordance with GQG's proxy voting policy, some proxy categories warrant an escalated review by GQG. The categories warranting a review generally represent proxies that are strategic to the company. Therefore, GQG escalates certain categories of proxy votes to a designated GQG investment analyst with the responsibility to ensure that those proxies are being voted in the best interests of GQG's clients given the potential significance of the proxy vote to the company's shareholders.</p> <p>To augment our independent research, we use Institutional Shareholder Services Inc. ("ISS") as an additional source of information to guide our voting. While we find ourselves voting with ISS on the majority of issues, we do not blindly follow their lead and will vote against their recommendations when we deem it necessary.</p>
Harris	<p>Harris uses ISS for proxy voting advisory services. We follow our Proxy Voting Policy, except where the analyst covering a stock recommends voting otherwise. In these cases, final decision rests with our Proxy Voting Committee.</p>
TT International	<p>We use ISS for our proxy voting requirements. ISS provides us the proxy research, which is then reviewed by TT. Whilst we are guided by ISS, we will always vote in what we believe is our clients' best interests. We specifically discuss meetings where ISS issues a recommendation against management and hold internal discussions. The voting decisions are ultimately the portfolio managers' responsibility. We internally record our rationale where we diverge from ISS recommendations. We recently also added Glass Lewis as a provider of proxy research to have a second opinion in cases where ISS recommends voting against management, or where we may want to do further analysis on management and shareholder proposals.</p> <p>We use ISS' standard voting policy. We believe that their principles-based voting policy is often more stringent than custom-made policies.</p>
Legal and General Investment Management ("LGIM")	<p>LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.</p>
Nordea	<p>In general, every vote we cast is considered individually on the background of our bespoke voting policy, which we have developed in-house based on our own principles.</p> <p>Our proxy voting is supported by two external vendors (ISS and Nordic Investor Services) to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors have merged.</p>

Source: Managers

## Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

## Our underlying managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
<b>Underlying managers of Aon's Strategies:</b>			
GQG - Global Equity Fund	36	80	Environment - Climate change, Pollution and waste Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety) Strategy, Financial and Reporting - Risk management (e.g., operational risks, cyber/information security, product risks)
GQG - Emerging Markets Equity Fund	35	80	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety) Strategy, Financial and Reporting - Risk management (e.g., operational risks, cyber/information security, product risks)
TT International - Emerging Markets Unconstrained Strategy	25	91	Environment - Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste Social - Human and labour rights (e.g. supply chain rights, community relations) Governance - Remuneration Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks)
LGIM - Multi-Factor Equity Fund	279	1,224	Environment - Climate change Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health Governance - Remuneration
Nordea - Global Climate and Environmental Fund	36	994	Environment - Pollution, Waste, Climate change Social - Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness – Diversity Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)
BlackRock - Absolute Return Bond Fund	391	3,886	Environment - Climate Risk Management, Operational Sustainability Social - Human Capital Management, Social Risks and Opportunities Governance - Board Composition and Effectiveness, Remuneration, Corporate Strategy, Business Oversight/Risk Management
Aegon - European Asset Backed Securities ("ABS") Fund	132	441	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Board effectiveness – Diversity Other - Proprietary ESG assessment

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
M&G - Sustainable Total Return Credit Investment Fund	7	157	Environment - Climate change, Net Zero Social - Human and labour rights (e.g. supply chain rights, community relations), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Remuneration, Leadership – Chair/CEO
LGIM - Global Diversified Credit Sustainable Development Goals (“SDG”) Fund	79	1,224	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Diversity, Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)
Harris - Global All Cap Equity Strategy			<i>Not provided</i>
Schroders - Real Estate Fund <sup>1</sup>	<i>Not provided</i>	>2,800	Environment - Climate change Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Public health Governance Strategy, Financial and Reporting
Blackstone - Property Partners Europe Fund <sup>1</sup>	<i>Not provided</i>	<i>Not provided</i>	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Diversity, Independence or Oversight Strategy, Financial and Reporting
Chorus Capital - Credit Fund IV <sup>2</sup>	13	13	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution/Waste Social - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Leadership – Chair/CEO, Board effectiveness – Independence or Oversight
CVC - Credit Partners EU Fund			<i>Not provided</i>

Source: Managers.

1. Schroders and Blackstone did not provide fund level themes; the themes noted above are at a firm-level.

2. Chorus Capital is a mono-strategy firm and hence it's fund-level and firm-level activities are the same.

## Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- GQG's and Harris's significant vote examples lacked some of the requested information.
- While LGIM, BlackRock and M&G provided comprehensive lists of their fund-level engagements, which we find encouraging, these examples did not give as much detail as required by the industry standard engagement data request template.
- Harris did not provide the engagement data requested. Harris said it does not track the engagement metrics requested.
- Schroders did not provide any fund level engagement information.

Schroders said that its third-party property managers are responsible for the day-to-day relationship with tenants and therefore engagement is difficult to quantify.

- Blackstone did not provide the number of engagements at a firm- or fund-level.
- CVC provided none of the engagement data requested but did provide details of its ESG policy.

This report does not include commentary on certain asset classes such as government bonds, currencies, insurance linked securities or cash, because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Scheme’s assets that are held as AVCs.

## Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

<b>GQG - Global Equity Fund</b>	<b>Company name</b>	Petroleo Brasileiro SA
	<b>Date of vote</b>	Apr-2022
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	<i>Not provided</i>
	<b>Summary of the resolution</b>	Approve Remuneration of Company's Management and Fiscal Council
	<b>How you voted</b>	Against
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	A vote AGAINST this proposal is warranted the company's disclosure lacks transparency regarding key remuneration figures.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	<i>Not provided</i>
	<b>On which criteria have you assessed this vote to be "most significant"?</b>	Vote against management, potential impact on financial and/or stewardship outcomes, and size of the holding in the mandate.
<b>Harris - Global All Cap Equity Strategy</b>	<b>Company name</b>	Alphabet Inc.
	<b>Date of vote</b>	01-Jun-2022
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	6.2%
	<b>Summary of the resolution</b>	Approve Recapitalization Plan for all Stock to Have One-vote per Share (Shareholder proposal)
	<b>How you voted</b>	For
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	We agree with the proponent that a one-vote-per-share capital structure would further align economic interest and voting power. We therefore voted FOR this resolution.
	<b>Outcome of the vote</b>	Failed
	<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	<i>Not provided</i>

	<b>On which criteria have you assessed this vote to be "most significant"?</b>	Vote against management
<b>GQG - Emerging Markets Equity Fund</b>	<b>Company name</b>	America Movil SAB de CV
	<b>Date of vote</b>	20-Dec-2022
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	<i>Not provided</i>
	<b>Summary of the resolution</b>	Approve/Amend Conversion of Securities
	<b>How you voted</b>	Against
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	<p>Although the proposal to convert different share classes into a single share class would represent an improvement in the company's corporate governance structure, a vote AGAINST this item is warranted because:</p> <ul style="list-style-type: none"> <li>▪ The company has not disclosed the full text of the proposed bylaw amendments, related to the shares' conversions, which, according to the company, will be disclosed after the shareholder meeting; and</li> <li>▪ The full impact of the article amendments on shareholders' rights is unclear.</li> </ul>
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	<i>Not provided</i>
	<b>On which criteria have you assessed this vote to be "most significant"?</b>	Vote against management, potential impact on financial and/or stewardship outcomes, and size of the holding in the mandate.
<b>TT International - Emerging Markets Unconstrained Strategy</b>	<b>Company name</b>	OCI NV
	<b>Date of vote</b>	24-May-2022
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	1.3%
	<b>Summary of the resolution</b>	Amend Remuneration Policy
	<b>How you voted</b>	For the resolution (Against Management)
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	<p>We communicated our voting decision to the company on a call, our third engagement on this topic. OCI's remuneration policy change got 74.73% approval, and they needed 75%, so they cannot institutionalise the special awards and delink pay further from financial elements (which they arguably did already last year by lowering the % of pay that is linked to financials to 40%). They did get enough support for the one-off special awards for this year, which we had also supported. Our 2.5m shares are about a quarter of the difference between vote 6 and vote 7 – in other words we were not the only ones to exercise independent and nuanced thinking on this issue.</p>
	<b>Rationale for the voting decision</b>	OCI proposed one-off share awards for the CEO for 2021, as the Long Term Incentive Plan did not pay out for a second year in a row. This is worth \$700k and will vest in

		<p>three years and will be subject to a holding period of 2 more years afterwards. OCI also proposed to institutionalise these special awards into the policy – up to 100% of salary. This could be for anything, including the non-financial objectives had have already included under the plan changes last year (such as decarbonisation investments). We had voted against that because they did not put this to a shareholder vote last year. They need to put it to a shareholder vote this year because of Dutch regulation and need 75% approval. Both ISS and Glass Lewis recommended voting against both this year's special award and the change in policy to include these going forward. We voted against the policy change but in favour of the one-off awards as TSR was strong.</p>
	<b>Outcome of the vote</b>	Failed
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	The company is likely to come back for remuneration policy changes next year - we will engage with them if we are shareholders.
	<b>On which criteria have you assessed this vote to be "most significant"?</b>	High dissent (25.3%); priority topic for us with existing engagements (executive remuneration alignment with shareholders).
<b>LGIM - Multi-Factor Equity Fund</b>	<b>Company name</b>	Eli Lilly and Company
	<b>Date of vote</b>	02-May-2022
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.9%
	<b>Summary of the resolution</b>	Require Independent Board Chair
	<b>How you voted</b>	LGIM voted in favour of the shareholder resolution (management recommendation: against).
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting ("AGM") as our engagement is not limited to shareholder meeting topics.
	<b>Rationale for the voting decision</b>	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
	<b>Outcome of the vote</b>	Failed
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	<b>On which criteria have you assessed this vote to be "most significant"?</b>	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).
<b>Nordea - Global Climate and Environmental Fund</b>	<b>Company name</b>	Republic Services
	<b>Date of vote</b>	16-May-2022
	<b>How the manager voted</b>	For the resolution (Against Management)
	<b>Did the manager communicate its intent to the company ahead of the vote?</b>	No

<b>Summary of the resolution</b>	Report on third-party civil rights audit (shareholder proposal)
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	4.8%
<b>Outcome of the vote</b>	Failed
<b>Rationale for the voting decision</b>	Given that an independent civil rights audit would aid the shareholders to better assess the effectiveness of the company's efforts to address the issue of any inequality within their operation, this merits shareholder approval.
<b>Implications of the outcome</b>	We will continue to vote for such proposals in this company as well as in other relevant companies.
<b>Criteria on which the vote is considered significant?</b>	Significant votes are those that the manager feels are against its principles, and where it feels it needs to enact change in the company.

Source: Managers