

Engagement Policy Implementation Statement (“EPIS”)

Swansea University Pension Scheme (the “Scheme”)

Scheme Year End – 31 July 2023

The purpose of the EPIS is for us, the Trustees of the Swansea University Pension Scheme, to explain what we have done during the year ending 31 July 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. However, there are areas where we would like to see additional details, as set out in our engagement action plan.

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

We believe our voting rights have been implemented effectively on our behalf.

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 the Trustees' 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 ESG ratings from Aon for the funds the Scheme is invested in where available.

Insight and the LGIM Sterling Liquidity Fund have a rating of integrated. This means that the fund management team has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio. The LGIM equity funds are rated as advanced. Abrdn, and M&G do not have an ESG rating, as the funds the Scheme is invested in are 'Sell' rated and a further breakdown is not available. We are not provided with an ESG rating for Aon Investment Limited ("AIL"), as our Investment Advisor, Aon does not rate AIL funds to avoid conflicts of interest.

In addition to the stewardship information gathered for review and disclosure as part of this engagement policy implementation statement, we also collected cost data through ClearGlass from all of our investment managers. Once the report is finalised for calendar year 2022, it will be reviewed by our investment advisor and brought to our attention, highlighting any engagements that may be recommended.

The Scheme's stewardship policy can be found in the SIP:
<https://www.swansea.ac.uk/finance-swansea-university/pensions/sip-swansea-university-pension-scheme/#bbq=on>

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. While LGIM provided comprehensive list of its fund-level engagements, which we find encouraging, these examples did not give as much detail as required by the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard engagement reporting guide. Our investment advisor, Aon, will continue to engage with the manager to encourage better reporting.
2. Marshall Wace confirmed that it engaged at a firm level, but did not provide any engagement data requested beyond a case study of its engagement. Our fiduciary manager, Aon, has opened an engagement with Marshall Wace to better understand its engagement practices and discuss the areas which are behind those of its peers.

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 Environmental Social Governance ("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

3.

Our fiduciary manager's engagement activity

We invest some of the Scheme's assets in Aon's Active Diversifiers Strategy. This is a fund of funds arrangement, where AIL selects the underlying investment managers on our behalf.

We delegate the monitoring of ESG integration and stewardship of the underlying managers within the Active Diversifiers Strategy to AIL. We have reviewed AIL's latest annual Stewardship Report and we believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

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

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

In 2021, AIL 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).

AIL 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 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 30 June 2023 which broadly matches the Scheme year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - World Equity Index Fund (GBP Currency Hedged and Unhedged)	36,631	99.9%	20.6%	0.2%
MFS - Global Equity Fund ¹	1,404	100.0%	4.8%	0.0%
Schroders - Global Active Value Fund ²	7,233	93.0%	10.0%	0.0%
abrnd - Global Absolute Return Strategy Fund	1,261	96.7%	15.3%	0.1%

Source: Managers

¹Data is for the period 1 October 2021 to 30 September 2022 as the mandate was terminated on 25 November 2022.

²The voting statistics provided by Schroders suggests that abstained votes may be counted as votes against management resulting in double counting within the voting statistics.

The Aon Active Diversifiers Fund invests in hedge fund strategies, like the Marshall Wace Market Neutral ESG TOPS Fund and the Boussard & Gavaudan Fund, which are often implemented using derivatives and can involve shorter-term trading of lots of securities. This can limit the managers' ability to vote in respect of the underlying holdings. As such, managers generally vote when they have a material interest to do for the benefit of their investors.

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)**

LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") '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.
MFS	We have entered into an agreement with ISS, Inc. to perform various proxy voting-related administrative services, such as vote processing and recordkeeping functions. While we also receive research reports and vote recommendations from ISS and Glass, Lewis & Co., Inc., MFS analyzes all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms. MFS' voting decisions are not defined by any proxy advisory firm benchmark policy recommendations. MFS has due diligence procedures in place to help ensure that the research we receive from our proxy advisory firms is accurate and to reasonably address any potentially material conflicts of interest of such proxy advisory firms.
Schroder Investment Management ("Schroders")	ISS act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with our own bespoke guidelines, in addition, we receive ISS's Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.
Aberdeen Standard Investments ("abrdn")	We utilise the services of ISS for all our voting requirements. Our voting policy is on our website. https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf

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 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	
LGIM - World Equity Index Fund (GBP Currency Hedged and Unhedged)	529	1,224	Environment - Climate change Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health Governance - Board effectiveness - Diversity, Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose
MFS - Global Equity Fund ¹	31	204	Environment - Climate Change, Natural resource use/impact Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management Governance - Remuneration, Board effectiveness, Leadership – Chair/CEO Strategy, Financial and Reporting - Capital allocation, Risk management
Schroders - Global Active Value Fund	627	>2,800	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 Governance - Board effectiveness – Independence or Oversight, Leadership – Chair/CEO, Remuneration Strategy, Financial and Reporting - Capital allocation, Strategy/purpose
abrdrn - Global Absolute Return Strategy Fund	181	2,484	Strategy, Financial and Reporting - Capital allocation, Reporting, Financial performance, Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks) Other - Climate, Environment, Human Rights & Stakeholders, Corporate Behaviour, Corporate Governance
Insight Investment Management ("Insight") - Bond Plus Fund	102	948	Environment - Climate Change Social - Human capital management Governance - Board effectiveness – Independence or Oversight, Board effectiveness – Other Strategy, Financial and Reporting - Capital allocation, Strategy/purpose, Risk management
Marshall Wace LLP ("MW") - Market Neutral ESG TOPS Fund ²			<i>Not provided</i>
MW - Global Opportunities Fund ²			
Boussard & Gavaudan ("BG") Fund ^{2,3}	20	20	Environment - Climate change, Pollution, Waste Social - Human capital management Governance - Board effectiveness – Independence or Oversight, Shareholder rights Strategy, Financial and Reporting - Reporting Other - Exit of Russian assets

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
M&G Investments ("M&G") - UK Property Fund	<i>Not provided</i>	157	Environment - Climate change Social - Conduct, culture and ethics, Human and labour rights, Human capital management Governance - Board effectiveness – Independence or Oversight, Remuneration Strategy, Financial and Reporting - Strategy/purpose

Source: Managers. Insight and M&G did not provide fund-level themes; themes provided are at a firm level.

¹Data is for the period 1 October 2021 to 30 September 2022 as the mandate was terminated on 25 November 2022.

²Invested via fiduciary manager.

³The manager confirmed that BG Fund is the flagship fund, hence all the firm activity is focused on this Fund.

Data limitations

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

- LGIM did provide fund-level engagement information but not in line with the best-practice industry standard ICSWG engagement reporting guide.
- Insight did not provide fund-level engagement themes because they did not respond using the latest version of industry standard template which contains the fund-level themes.
- MW did not provide any engagement data requested, although the manager confirmed that it engaged at a firm level and provided a case study of this engagement.
- M&G did provide only high level fund-level engagement information and the details of its various ESG working group memberships.

This report does not include commentary on certain asset classes such as liability driven investments/gilts or cash because of the limited materiality of stewardship to these asset classes.

Approved by the Trustee of the Swansea University Pension Scheme on 15 February 2024

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 or a vote where more than 15% of votes were cast against management. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

LGIM - World Equity Index Fund (GBP Currency Hedged and Unhedged)	Company name	Amazon.com, Inc.
	Date of vote	24-May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.6%
	Summary of the resolution	Report on Median and Adjusted Gender/Racial Pay Gaps
	How you voted	For (against management recommendation)
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be "most significant"?	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
MFS - Global Equity Fund	Company name	Linde Plc
	Date of vote	25-Jul-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.4%
	Summary of the resolution	Adopt Simple Majority Vote
	How you voted	Against Management
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	While MFS may engage with issuers ahead of our vote at a shareholder meeting, we may not disclose our final vote decisions that are considered on a case-by-case basis prior to the meeting.

	Rationale for the voting decision	MFS supports shareholder proposals requesting the reduction of the supermajority vote requirement as such an action would further enhance shareholder rights.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	This level of support demonstrates clear shareholder desire for the repeal of the company's supermajority vote provisions. We expect to see the issuer work to resolve the issue brought forth in this majority-supported proposal.
	On which criteria have you assessed this vote to be "most significant"?	For the purpose of this questionnaire, "significant votes" may have the following characteristics, among others: vote is linked to certain engagement priorities, vote considered engagement with the issuer, vote relates to certain thematic or industry trends, etc.
Schroders - Global Active Value Fund	Company name	Cisco Systems, Inc.
	Date of vote	08-Dec-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Ratify PricewaterhouseCoopers LLP as Auditors
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We may tell the company of our intention to vote against the recommendations of the board before voting, in particular if we are large shareholders or if we have an active engagement on the issue. We always inform companies after voting against any of the board's recommendations.
	Rationale for the voting decision	Excessive auditor tenure and no commitment to tender.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We monitor voting outcomes particularly if we are large shareholders or if we have an active engagement on the issue. If we think that the company is not sufficiently responsive to a vote or our other engagement work, we may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity we may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.
	On which criteria have you assessed this vote to be "most significant"?	Significant Vote - SH E&S Proposal; Votes against management
abrdn - Global Absolute Return Strategy Fund	Company name	The Kroger Co.
	Date of vote	22-Jun-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Report on Public Health Costs Due to Tobacco Product Sales and the Impact on Overall Market
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Not provided</i>

Rationale for the voting decision	SV2: Shareholder proposal. A vote in favour of a report is not warranted as there are studies available on the public health and economic costs of smoking and Kroger has taken steps on tobacco products, such as no longer selling e-cigarettes. It's therefore not clear what additional value such a report would provide shareholders with.
Outcome of the vote	<i>Not provided</i>
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
On which criteria have you assessed this vote to be "most significant"?	<p>Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions</p> <ul style="list-style-type: none"> • Votes on shareholder E&S proposals where we have engaged with the proponent or company on the resolution • Votes on management-presented E&S proposals • Focus on shareholder proposals where we have voted contrary to management recommendations.

Source: Managers