Students' Union Superannuation Scheme

Annual report for the year ended 30 June 2022

Scheme Registration Number 10149211

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The Trustees' Report

Introduction

This Report relates to the operation of the Students' Union Superannuation Scheme ("the Scheme") during the year ended 30 June 2022.

The Scheme was a contracted-out salary related pension arrangement and provides its members with retirement benefits. This type of arrangement is also known as a defined benefits arrangement. Up until 30 September 2003 the Scheme provided a pension of 1/60th of final pensionable earnings for each year of pensionable service. From 1 October 2003 the Scheme changed to a career average structure where members built up a slice of additional pension based on their earnings during the year. On 1 October 2011 the Scheme closed to future accrual. Normal contributions have ceased and only deficit reduction contributions continue to be paid.

Before 1 October 2011 members were able to make additional voluntary contributions (AVCs) to secure additional benefits. The Scheme also covered members for death benefits before this date.

Full details of the Scheme's benefits can be found in the member's explanatory booklet (see "Contact for further information" on page 4).

Management of the Scheme

The names of the Trustees of the Scheme who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated / appointed by	Year of appointment / resignation
Peter David Shilton Godwin	Member	1995
Ross Trustees Services Limited	Independent	2014
Nick Gash	Member	2018
Mark Frederick Crook	Employer	2020
Ben Ward	Employer	2021

The Scheme Rules contain provisions for the appointment and removal of the Trustees. The Scheme requires between two and seven Trustees together with a corporate Trustee. Three Trustees must be elected from the constituent employers of the Scheme and two must be elected from the individual membership of the Scheme. The Member Nominated Trustees serve for a term of six years. This arrangement has been approved by a ballot of the members in accordance with the Pensions Act 1995 and operates with the agreement of the National Union of Students as the Principal Employer named in the Trust Deed.

The Trustees are responsible for the administration and investment policy of the Scheme. The Trustees held four full meetings during the year under review. Each Trustee is entitled to receive at least ten days' notice of meetings, although in practice dates are normally fixed well in advance.

The Scheme Rules provide that decisions of the Trustees may be made by a majority of the Trustees present at any meeting and the Chairman has a casting vote.

The Trustees have delegated the day-to-day management and operation of the Scheme's affairs to professional organisations.

Changes to Scheme Rules

No changes were made to the Scheme Rules during the year:

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The Principal Employer

The Principal Employer is the National Union of Students of the United Kingdom.

Scheme advisers

The Trustees retain a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

Scheme Actuary	Paul Hamilton FIA
Advising Actuaries	Barnett Waddingham LLP
Independent Auditor	RSM UK Audit LLP
Investment Managers	Partners Group (Guernsey) Limited Janus Henderson Investors Insight Investment Management (Global Limited) Legal and General Investment Management (via Mobius Investment Platform) Baillie Gifford Asset Management (via the Mobius Investment Platform) Schroders Investment Management (via the Mobius Investment Platform)
Custodians	Northern Trust
Legal Advisers	Osborne Clarke LLP (until 22 December 2021) Gowling WLG (from 23 December 2021)
Administrator of the Scheme benefits	Barnett Waddingham LLP
Bankers	Lloyds TSB
Secretary to the Trustees	Ross Trustees Services Limited

Changes in and other matters relating to Scheme advisers

Other than those shown above, there have been no further changes to Scheme advisers during the Scheme year under review.

Scheme Audit

The financial statements on pages 22 to 33 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Financial development of the Scheme

During the year the value of the net assets decreased by £31,640,702 to £110,744,014 as at 30 June 2022. The decrease comprised net withdrawals from dealings with members of £5,402,810 together with a decrease from the net return on investments of £26,237,892.

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Tax status of Scheme

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustees' knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn.

Scheme membership

	Number as at start of year	Changes in year	Number as at end of year
Preserved pensioners	1,327		
adjustment	(9)		
new		6	
retired (trivial commutation)		(5)	
retired (small lump sum)		(3)	
retired		(49)	
bulk transferred out		(59)	
		(110)	1,208
Pensioners and dependants	1,068		
new pensioners		49	
new dependants		6	
died		(20)	
trivial commutation		(2)	
bulk transferred out		(47)	
		(14)	1,054
Grand total members	2,386		2,262

Not included within the pensioner and dependants above are 118 (2021: 127) members whose pensions are settled by annuity policies held in the name of the Trustees.

The member numbers shown above reflect the number of member records held by the Scheme. The adjustments referred to in the table above are in respect of late notifications of movements.

Bulk Transfer

A bulk transfer was made to the University of Manchester Superannuation Scheme on 31 March 2022. As this represented more the 5% of the Scheme assets a Notifiable Event Report was submitted to The Pensions Regulator.

Transfer values

A cash equivalent is the amount which a Scheme member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

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Pension increases

During the year pensions have been increased in accordance with the Scheme Rules with no discretionary benefits provided.

Codes of Practice

The Trustees are aware of and adhere to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

GMP equalisation

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. However, at this stage the Trustees and Employer have not agreed the equalisation methodology to be used and therefore the Trustees are not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustees are able to reach reliable estimate. Further details are disclosed in Note 23 of the financial statements.

The Pensions Regulator: Record Keeping

The Pensions Regulator issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the trustees) and those who administer pension schemes. The guidance covers both common data and also conditional data (the data that is used to calculate benefits and is therefore scheme specific). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded. More information can be found at:

https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping

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Contact for further information

If, as a Scheme member, you wish to obtain further information about the Scheme, including copies of the Scheme documentation, your own pension position or who to contact in the event of a problem or complaint, please write to, or telephone:

The Students' Union Team, Barnett Waddingham LLP, St James's House, St James's Square, Cheltenham, GL50 3PR

Or telephone: 0333 11 11 222

Alternatively you may contact the Scheme administrators online at:
https://logon.bwebstream.com/shared/contact

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Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and

- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

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Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, the Scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to at the valuation date. This is assessed using the assumptions agreed between the Trustees and the employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 30 June 2019. This showed that on that date:

The value of the Technical Provisions was:	£260.0 million
The value of the assets was:	£119.1 million

Therefore the Scheme had a funding deficit of £140.9 million corresponding to a funding level of 46%.

Since 30 June 2019, two annual funding updates have been carried out. These showed that the estimated funding level fell to 45% as at 30 June 2020 but had risen to 51% as at 30 June 2021.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the Technical Provisions is the Projected Unit Method.

Actuarial assumptions – The key assumptions used are:

Inflation

By looking at the cost of investing in Government bonds with payments linked to inflation compared to the cost of investing in Government bonds not linked to inflation, it is possible to arrive at a figure for the average market view of future price inflation. This will then be compared to the latest Treasury targets for inflation in the UK, when deriving the assumption to use.

The assumed rate of pension increases is set taking into account the inflation assumption and also any limit on the rate of increase.

Discount rate

The discount rate will normally be determined by the Trustees taking into account professional advice in relation to market indicators available at the valuation date, the long-term strategic asset allocation, the liability profile of the Scheme, and the perceived strength of the employer covenant. However, if the Trustees have material concerns over the strength of the employer covenant the discount rate may need to be determined looking solely at the yield available on gilts and other low risk asset classes.

The return on Government bonds will be taken as a suitable market index yield.

As a proportion of the Scheme's funds are invested in assets such as equities which would be expected to outperform Government bonds over the long term, an allowance will be made for this in the discount rate. The allowance will be determined by the Trustees based on information provided by their professional advisers.

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Report on Actuarial Liabilities (Cont)

Mortality

The rates of mortality assumed will reflect information published by the Continuous Mortality Investigation deemed most relevant to the membership of the Scheme, with allowance for expected future improvements in longevity.

This assumption may be adjusted on the advice of the Scheme Actuary or in the light of evidence relating to the actual mortality experience of the Scheme, the industry in which the members work, or the distribution of pension payment amounts.

Retirement

Members will be assumed to retire at the earliest age at which they can take their benefit without an actuarial reduction applying.

Member options

If the Trustee considers it to be appropriate, allowance may be made for member options such as commuting pension for cash at retirement or taking early retirement.

Dependant details

Assumptions regarding the proportion of members with a dependant at death and the age difference between males and females will be set taking into account advice from the Scheme Actuary and the experience of the Scheme.

The financial statements on pages 22 to 33 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Scheme Actuary considers the funding position of the Scheme and the level of contributions payable.

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Investment managers

The Scheme's trust deed and rules permit the Trustees to delegate the task of investment management to outside experts. Janus Henderson Global Investors, Legal and General Investment Management, Partners Group, Baillie Gifford Asset Management, Schroder Investment Management and Insight Investment Management are professional external investment managers and have taken full responsibility for investing the Scheme's assets. The Trustees set the investment strategy for the Scheme after taking advice from the Scheme's investment adviser. The Trustees have put in place a mandate with their investment managers which implements this strategy. The investment managers are remunerated by fees based on a percentage of funds under management, and these fees are met by the Scheme. The Scheme's investment with Partners Group is subject to a performance-related fee. There are no performance-related fee arrangements who charge a percentage of the difference between the NAV per unit and a specified 'high water mark'.

When choosing investments, the Trustees and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4) as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and Occupational Pension Schemes (Investment and Disclosure) (Amendments) Regulations 2019.

Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 requires that the Trustees' duties also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Scheme's assets.

The Trustees' policies in relation to these duties are set out in the Scheme's Statement of Investment Principles (SIP). Although these are the Trustees' duties in the first instance, the Trustees have delegated these duties to the Scheme's investment managers.

Statement of Investment Principles

The Trustees have produced a Statement of Investment Principles ("SIP") as required by section 35 of the Pensions Act 1995 and a copy of the statement is available online (https://schemedocs.com/SUSS-statement-investment-principles.html). The statement in effect at the date of these accounts was dated August 2020. This Statement incorporates the recent regulations regarding the Trustees' policies on Environmental, Social and Governance (ESG) considerations, including climate change, voting rights and investment manager incentives.

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Departures from investment principles

As at the effective date of the accounts, the Scheme's allocation to LDI and Global Asset Backed Securities was significantly underweight its strategic target (24.7% compared to 39%). This reflects the fall in the asset value of LDI due to increasing nominal and real interest rates over the previous 12 month period. We are not concerned about this as the strategic objective of the LDI portfolio is to hedge 49% of the Scheme's total Technical Provisions liabilities which the LDI portfolio is achieving.

The Scheme also held an overweight position to The Partners Fund. After the quarter end, the Trustees have arranged two disinvestments totalling £11.5m to reduce this overweight position.

Investment strategy

Changes to investment strategy over the year to 30 June 2022

There were no changes to the investment strategy over the year to 30 June 2022. The Scheme did review the appropriateness of the investment strategy following the transfer out of the Manchester University section of the Scheme and confirmed that no changes to the strategic asset allocation were required.

Strategy at 30 June 2022

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the Trust Deed and Rules as they fall due.

The Trustees set the investment strategy for the Scheme taking into account considerations such as the strength of the employer covenant, the long term liabilities of the DB section and the funding agreed with the Employer. The investment strategy is set out in the Scheme's Statement of Investment Principles (SIP) and dated August 2020. and the most recent update to the Statement of Investment Strategy dated August 2021.

The current strategy is to hold:

- 49% in investments that move broadly in line with the value of the long-term liabilities of the Scheme. Part of this investment is in LDI and comprises of UK government bonds (gilts), gilt repurchase agreements, interest rate swaps and cash instruments. The purpose of these assets is to hedge against the impact of interest rate movement on long term liabilities. This part of the portfolio also incorporates holdings in a Multi-Asset Credit Fund, Global Asset Backed Securities Fund.

- 51% in return seeking investments comprising UK and overseas equities, Diversified Growth Funds and alternatives.

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Performance

The Scheme's portfolio returned -19,0% over 12 months to 30 June 2022. The table below sets out the investment returns of the Scheme's asset over 1 and 3 year periods to 30 June 2022:

	1 Year (% p.a.)		3 Years (% p.a.)	
	Fund	Benchmark	Fund	Benchmark
L&G Equities[1]	-6.8	-7.1	4.8	4.6
Henderson Multi Asset Credit Fund	-6.5	5.4	0.2	5.4
Insight Global ABS[5]	-1.6	1.7	0.2	1.7
Insight LDI	-55.9	-56.5	-19.7	-19.9
Partners Fund	3.7	8.0	9.2	8.0
Baillie Gifford Multi Asset Growth Fund[6]	-12.5	4.1	n/a	n/a
Schroder Life Intermediated Diversified Growth Fund[7]	-6.4	10.5	n/a	n/a
Total	-19.0	n/a	-2.5%	n/a

[1] *Performance for Baillie Gifford Multi Asset Growth Fund is shown since inception on 3 November 2020. Therefore performance over three years is not shown.*

[2] *Performance for Schroder Life Intermediated Diversified Growth Fund is shown since inception on 26 May 2021. Therefore performance over three years is not shown*

Policy on financially material considerations

The Trustees believe that Environmental, Social and Governance ("ESG") factors, including but not limited to climate change, are financially material for the Scheme over the length of time in which the Scheme will be required to make benefit payments to members. This is likely to be no less than five years from the date of the Statement of Investment Principles.

The Trustees have received training from their investment consultant on ESG factors. The Trustees considered the research findings presented at this training and sought Union/Participating Employer views as part of the ESG Survey that was conducted, to form their views on the financial materiality of ESG factors as they apply to the Scheme's current investments.

The Trustees have elected to invest the Scheme's assets predominantly in pooled funds. The choice of underlying funds is made by the Trustee after taking advice from their investment consultant. The Trustees, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

The Trustees take those factors into account in the selection, retention and realisation of investments as follows:

Selection of investments: The Trustees will assess the investment managers' ESG integration credentials and capabilities, including stewardship, as part of the manager selection process for appointing any new investment manager or investment fund.

Retention of investments: The Trustees will monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.

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Realisation of investments: The Trustees will request information from investment managers about how ESG considerations are taken into account in decisions to realise investments from time to time.

The Trustees will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Scheme's investments.

The Trustees will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustees will obtain ad-hoc training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees will use any ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Through their investment consultant, the Trustees will request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on an ad-hoc basis.

Replacing funds and managers

If any significant ESG integration related issues are identified with any of the investment managers, the Trustees may choose to replace them. However, as per the appointment of funds and managers, the investment manager's shortcomings in this area will not necessarily be seen as sufficient reason for replacement and will not necessarily take precedence over consideration of other factors.

The Trustees appreciate that the method of incorporating ESG in the investment strategy and process will differ between asset classes. A summary of the Trustees' view for each asset class in which the Scheme invests is outlined below:

Passive equities

The Trustees believe that ESG issues have the potential to be financially material to the risk-adjusted returns achieved by the Scheme's passive equities.

The Trustees accept that the fund manager must invest in line with the specified index and, therefore, may not be able to disinvest even if they have concerns relating to ESG. The Trustees therefore require that the fund managers take into account ESG considerations by engaging with companies and by exercising voting rights. However, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

The Scheme's current passive equity manager, LGIM, is a large and long-term investor, and engages with companies (including those in the indices that the Scheme invests in) on matters including wider ESG factors and climate change on a regular basis.

The Trustees have elected to invest the Scheme's passive equity portfolio in LGIM's Future World range of funds, which track ESG-tilted indices provided by Solactive.

LDI and cash funds

The Trustees do not believe there is significant scope for ESG issues to improve risk-adjusted returns within the Scheme's LDI and cash holdings.

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Actively managed funds

The Trustees believe that ESG factors have the potential to be financially material to the risk-adjusted returns achieved by the Scheme's active holdings. The managers are expected to therefore consider all financially material considerations, including but not limited to ESG factors, when managing the funds.

Policy for taking into account non-financial matters

The Trustees have engaged with the Student Unions' to gain further insight into Student Unions' views on ESG and Sustainable Investment including the Trustees response to climate change (referred to as "non-financial matters" in the relevant Regulations). The responses from Student Unions' will allow the Trustees to formulate their approach to Sustainable Investment, an area currently scheduled to be reviewed alongside the upcoming Actuarial Valuation and accompanying the review of Investment Strategy. Ultimately, the Scheme's Investment Strategy remains the responsibility of the Trustees. As such, the Trustees are committed to take into account the views expressed in this form, but are not able to commit to incorporate any single view or request into the overall SUSS Investment Strategy.

However, the Trustees do expect its investment managers to select investments that would have a beneficial impact on each of the above factors, all other considerations being equal.

Policy on the exercise of voting rights

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. In doing so, the Trustees expects that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant, monitor and review the information provided by the investment managers. A summary of each investment manager's engagement and key votes will be summarised in their annual Implementation Statement contained within the Scheme's Accounts. Where possible and appropriate, the Trustees will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

Baillie Gifford, Janus Henderson, Insight, Schroders and Legal & General are all signatories to the latest UK Stewardship Code or equivalent, however Partners Group are not. Although Partners are not a signatory to the UK Stewardship Code, they do have policies in place that serve a similar purpose and we view as appropriate to the markets in which they invest.

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Stewardship, engagement and other rights

The Trustees acknowledge the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustees are of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustees also consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees, investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented.

Economic and market conditions over the year to 30 June 2022

Economic environment

The 12-month period to 30 June 2022 began with markets focused on the recovery from the COVID-19 pandemic following the successful vaccine rollout. However, as 2021 came to an end the focus switched to rising inflation and the actions that central banks would need to take to bring it under control, with central banks beginning to significantly tighten monetary policy for the first time since the start of the pandemic. The concerns around inflation were exacerbated in February 2022 as the Russian invasion of Ukraine led to further disruption, particularly in energy markets and select commodity markets such as wheat. The threat and enactment of rising interest rates resulted in most asset classes producing negative returns over the year to 30 June. However, this masks significant volatility and periods of positive returns, particularly during the second half of 2021.

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The scale and success of the COVID-19 vaccine rollout allowed many countries to end most COVID-19 restrictions over the period. As a result, the IMF estimated that global growth over 2021 reached 6.1%, the highest rate since the 1970s. However, this was not always a straightforward process and the Delta and Omicron variants of COVID forced many countries to reimpose some or all restrictions. In particular China, which adopted a "zero-COVID" policy, re-introduced full lockdown restrictions to several major cities in early 2022 which have sporadically been lifted and re-introduced throughout the year so far. Nevertheless, the broader pattern of reopening held in most of the rest of the world, allowing a strong economic recovery.

The strong recovery, aided by COVID related fiscal and monetary stimulus packages, contributed to a significant increase in consumer demand for goods as restrictions eased. This increased demand, coupled with ongoing supply chain disruption from the pandemic saw prices in many goods and commodities rise sharply.

The Russian invasion of Ukraine in February 2022 further compounded the fear of rising inflation. Western governments responded to the invasion by imposing sanctions on Russia and their ally, Belarus. In particular, the US, UK and EU placed strict sanctions on Russian government bodies, Russian oligarchs, and the Russian financial system, including a ban on trading Russian Government bonds issued after 1 March 2022 on the secondary market. Russia is a major producer of several important commodities, and the risk of disruption to those markets, from the war or from retaliatory sanctions, caused prices to rise. Oil rose above $100 a barrel for the first time since 2014, briefly touching close to $140, a 14-year high. European natural gas prices rose to an all-time high as did several other important commodities such as nickel. Equity markets also fell sharply after the invasion as fears of recession built in the market, with global equities falling by 17.3% since the start of year.

By the end of the period inflation had reached multi-decade highs in several major economies. In June 2022, UK CPI inflation reached 9.4%, its highest level in thirty years, and US CPI inflation rose to 9.1%, the highest level in forty years. Consequently, markets began to price in more interventions by central banks to stem the tide of inflation through interest rate rises and reduced asset purchases. This process began on 16 December 2021, when the Bank of England became the first major central bank to raise interest rates, increasing the base rate from 0.1% to 0.25%. This was followed by a rise to 0.5% on 3 February 2022, to 0.75% on 17 March, to 1.0% on May, and to 1.25% on 16 June. The Federal reserve started to raise rates as well, lifting its central rate range on 16 March from 0.00%-0.25% to 0.25%-0.5%. By 15 June US interest rates had reached 1.5%-1.75%. Despite not raising rates over the period, the European Central Bank reduced the pace of its future asset purchases and telegraphed the possibility of a rate rise in the near future. These actions and the prospect of more to come resulted in a sharp rise in government bond yields at all terms. In the UK, 20-year nominal gilt yields rose by 1.48% over the year to 30 June 2022.

In the last few weeks of the period, markets shifted their focus from rising inflation and interest rates to the damage that these forces were doing to the underlying economy and the raised risk of recession. As a result, gilt yields fell over the last few weeks of June. The shift in UK 20-year implied inflation was much more dramatic, as it started and end the period at 3.6%, despite reaching 4.2% in March 2022, the highest level since 2008.

Towards the latter end of the year to 30 June 2022, major central banks began to tighten monetary policy as economies recovered to pre-pandemic levels. Some central banks continued to raise interest rates whilst those that did not slowed the pace of their asset purchase programmes.

- The Bank of England raised the base rate from 0.1% to 1.25% over the year to 30 June 2022. It ended its bond purchase programme in December 2021 and in February 2022 it stopped reinvesting the proceeds of its bond assets. At its May 2022 meeting, the Bank of England forecast that the UK economy was heading towards recession and that inflation was set to continue to rise, with a projected peak estimated at 11% in October 2022.

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- The Federal Reserve (The Fed) raised the Federal Funds Rate range from 0.00%-0.25% to 1.5%-1.75% in June 2022. The Fed ended bond purchase in March and stopped reinvesting proceeds of its bond assets in June.

- The European Central Bank (ECB) decided not to raise rates and kept its main lending rate at 0.0% throughout the period. Over the 12 months to 30 June 2022, the ECB's total asset purchases, including purchases as part of the Pandemic Emergency Purchase Programme, totalled €803 billion. The ECB decided to end its asset purchase program in June with an effective date of 1 July 2022.

Market Performance

The 12 months to 30 June 2022 saw negative returns across almost all asset classes.

- **Equities:** Overall, global equities produced negative total returns over the year to 30 June 2022, falling by 11.6% in local currency terms. All geographical regions produced a negative return over the year, except for UK equities, which rose 1.6%. The worst performing region (in local currency terms) was Emerging Markets (-17.7%).

  The Scheme is exposed to equities through its investments with L&G, Baillie Gifford, Schroders and Partners.

- **Bonds:** Over the year to 30 June 2022, UK gilt yields rose across all maturities. The net impact was a negative return (-13.6%) for UK fixed interest gilts (all stocks). Furthermore, a fall in implied inflation resulted in UK index-linked gilts (all stocks) delivering a slightly larger negative return (-16.3%) over the year. UK corporate bond spreads (all stocks) widened significantly (0.99%) over the year.

  The Scheme is exposed to bonds through its investments with Schroders, Baillie Gifford, Henderson, and Insight.

- **Property:** The MSCI UK All Property Index rose by 23.3% over the 12 months to 30 June 2022.

The Scheme is exposed to property through its investments with Schroders, Baillie Gifford and Partners.

Approval of Trustees' Report

This Report was approved by the Trustees on

Date: ______________________

Signed on behalf of the Trustees:

Trustee	Trustee

Independent Auditor's Report to the Trustees of the Students' Union Superannuation Scheme

Opinion

We have audited the financial statements of The Students' Union Superannuation Scheme for the year ended 30 June 2022 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2022, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial documents, we have concluded that the Scheme's Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Scheme's Trustees with respect to going concern are described in the relevant sections of this report

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Scheme's Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 5, the Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Scheme operates in and how the Scheme is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are Pensions Act 1992 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Scheme's Trustees as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date:

Summary of contributions payable in the year

During the year, the contributions payable to the Scheme by the Employer under the Schedule of Contributions were as follows:

	£
Employer deficit funding contributions	7,848,321
PPF Levy	680,512
Contributions payable under the Schedule of Contributions	**8,528,833**
Contributions not payable under the Schedule of Contributions	
Additional contributions	19,008
Total contributions paid in the year in accordance with the Schedule of Contributions as reported on by the Scheme auditor and as reported in the accounts	**8,547,841**

Signed on behalf of the Trustees:

Trustee

Trustee

Date:

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the Students' Union Superannuation Scheme

Statement about contributions payable under Schedule of Contributions

We have examined the Summary of Contributions payable to the Students' Union Superannuation Scheme on page 20, in respect of the Scheme year ended 30 June 2022.

In our opinion, the contributions for the Scheme year ended 30 June 2022 as reported in the attached Summary of Contributions on page 20 and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the actuary on 21 September 2020.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 20 in the attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustees and auditor

As explained more fully on page 5 in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustees as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date:

The Financial Statements

Fund Account

for the year ended 30 June 2022

	Note	30 June 2022	30 June 2021
		£	£
Contributions and benefits			
Employer contributions		8,547,841	8,684,607
Total contributions	4	8,547,841	8,684,607
Benefits paid or payable	5	(6,673,026)	(5,841,509)
Payments to and on account of leavers	6	(5,588,487)	-
Administrative expenses	7	(1,689,138)	(2,086,122)
		(13,950,651)	(7,927,631)
Net (withdrawals) \ additions from dealings with members		(5,402,810)	756,976
Returns on investments			
Investment income	8	4,705,530	3,642,289
Change in market value of investments	9	(30,801,378)	3,350,046
Investment management expenses	10	(142,044)	(205,072)
Net returns on investments		(26,237,892)	6,787,263
Net (decrease) \ increase in the fund during the year		(31,640,702)	7,544,239
Net assets of the Scheme			
At 1 July		142,384,716	134,840,477
At 30 June		110,744,014	142,384,716

The notes on pages 24 to 33 form part of these financial statements.

The Financial Statements (Cont)

Statement of Net Assets

available for benefits as at 30 June 2022

	Note	30 June 2022	30 June 2021
		£	£
Investment assets:	9		
Pooled investment vehicles	12	105,239,367	136,274,585
Insurance policies	14	3,882,179	4,576,187
AVC investments	13	191,941	232,609
Cash	9	32,623	32,602
Total net investments		109,346,110	141,115,983
Current assets	18	1,528,462	1,494,960
Current liabilities	19	(130,558)	(226,227)
Net assets of the Scheme at 30 June available for benefits		110,744,014	142,384,716

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme is dealt with in the Report on Actuarial Liabilities on pages 7 to 8 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 33 form part of these financial statements.

These financial statements were approved by the Trustees on

Date: ______________________

Signed on behalf of the Trustees:

______________________ Trustee

______________________ Trustee

Notes to the Financial Statements

1. Basis of preparation

The individual financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the guidance set out in the Statement of Recommended Practice (Revised 2018).

Conclusion of Going Concern

The Trustees have prepared the financial statements on a going concern basis.

In doing so, the Trustee notes that no material uncertainties have been identified by the directors of the principal employer, National Union of Students (NUS) of the UK, in their most recent accounts for the period ending 30 June 2021. The NUS Group has not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue. The Trustee is not aware of any material uncertainties in regards to the participating employers.

In addition, the Trustees acknowledge that Covid-19 and recent economic downturn has had an impact on the higher education sector; and whilst the position of the 66 participating employers is not uniform; the potential insolvency of one employer, even the Principal Employer, would not mean that the Scheme would fail. The Trustees monitor the Covenant closely on an ongoing basis, identifying those Unions of "high risk" either due to financial metrics and/or funding structure which includes reliance on entertainment income and international students decline as a result of the pandemic. The Trustees actively engage with these named Unions on a periodic basis via questionnaires to understand the current and forecast financial performance. Further to this, the Trustees are following up with additional information and requests to seek further assurance from these Unions.

The Scheme funding remains at around 51% on a technical provision basis (2019 valuation basis) at 30 June 2022, corresponding to a deficit of £105,300,000, as of the 21st September 2020 a new Recovery Plan and Schedule of Contributions was agreed between the Trustees and the NUS, with no participating employer taking advantage of a deficit reduction contribution suspension. As of October 2022, there was an 5% increase in DRC payments; to the Trustees knowledge all DRC payments have been made as expected, and there have been no late payments received to date that the Trustee have been made aware of.

The Actuarial Valuation as at 30 June 2022 is ongoing and The Trustee's Covenant Adviser, Interpath carried out a full covenant assessment in August 2022, contacting all participating employers. Although Interpath were not formally asked to grade the overall SUSS covenant strength, in February of this year Interpath agreed that the SUSS covenant was tending to weak. The latest affordability analysis is consistent with this grading.

On this basis the financial statements for the Scheme are prepared on a going concern basis.

2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees' Report.

3. Accounting policies

The principal accounting policies of the Scheme which are applied consistently are as follows:

Contributions

- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustees.
- Employer additional contributions are accounted for in accordance with the agreement under which they are payable. This include contributions in respect of the PPF levy.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustees of his decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Individual transfers out of the Scheme are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Notes to the Financial Statements (Cont)

3. Accounting policies (Cont)

Expenses

- Expenses are accounted for on an accruals basis.
- Investment management expenses are accounted for on an accruals basis. Transaction costs are included in the cost of purchases and sale proceeds.

Investment income

- Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- Dividends from quoted securities are accounted for when the security is declared ex-dividend.
- Income from pooled investment vehicles is accounted for when declared by the fund manager.
- Income from cash and short term deposits is accounted for on an accruals basis.
- Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".
- Receipts from annuity policies are accounted for as investment income on an accruals basis.

Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.
- With profit insurance & AVC policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.
- Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date. No allowance for movements in annuitant membership is provided for in valuation updates other than in a triennial valuation year.

Currency

- The Scheme's functional presentational currency is pounds sterling.

Critical accounting judgements and estimation uncertainty

- Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.
- There are no critical judgements in applying the accounting policies.
- Key accounting estimates and assumptions - the Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustees believe that only those investments falling within Level 3 of the fair value hierarchy (see note 15) have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Notes to the Financial Statements (Cont)

4. Contributions

	2022	2021
	£	£
Employer contributions		
Deficit funding	7,848,321	7,578,752
PPF Levy	680,512	1,093,689
Additional contributions	19,008	12,166
	8,547,841	8,684,607

Deficit funding contributions are being paid by the employers for a period of 16 years from 28 June 2017 in accordance with recommendations from the Scheme Actuary in order to improve the Scheme's funding position.

5. Benefits paid or payable

	2022	2021
	£	£
Pensions	5,127,966	4,858,155
Commutation of pensions and lump sum retirement benefits	1,517,389	982,452
Lump sum death benefits	27,671	661
LTA charges	-	241
	6,673,026	5,841,509

6. Payments to and on account of leavers

	2022	2021
	£	£
Group transfers to other schemes	5,588,487	-

This was in respect of the bulk transfer of those members in University of Manchester section.

7. Administrative expenses

	2022	2021
	£	£
Administration and processing	259,922	290,268
Actuarial fees	219,648	169,035
Audit fee	15,327	16,131
Legal and other professional fees	192,854	138,385
Trustee indemnity insurance	44,240	39,200
Fees paid to Corporate Trustee	325,109	301,025
Trustees expenses	220	67
Other fees	4,865	22,804
PPF Levy	626,953	1,109,206
	1,689,138	2,086,121

The Scheme bears all the costs of administration.

Notes to the Financial Statements (Cont)

8. Investment income

	2022	2021
	£	£
Dividends from equities	-	6,804
Income from bonds	-	2,088
Income from pooled investment vehicles	4,374,529	3,308,364
Interest on cash deposits	1	33
Annuity income	331,000	325,000
	4,705,530	3,642,289

The income from pooled investment vehicles includes an amount of £4,334,077 (2021: £3,274,133) in respect of income from the Insight LDI Funds.

9. Reconciliation of investments

	Value at 30 June 2021	Purchases at cost	Sales proceeds	Change in market value	Value at 30 June 2022
	£	£	£	£	£
Pooled investment vehicles	136,274,585	39,384,888	(40,269,798)	(30,150,308)	105,239,367
Insurance policies	4,576,187	-	-	(694,008)	3,882,179
AVC investments	232,609	-	(83,606)	42,938	191,941
	141,083,381	39,384,888	(40,353,404)	(30,801,378)	109,313,487
Cash deposits	32,602				32,623
	141,115,983				109,346,110

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Scheme.

10. Investment management expenses

	2022	2021
	£	£
Administration, management and custody	25,332	52,874
Investment consultancy fee	116,712	152,198
	142,044	205,072

Notes to the Financial Statements (Cont)

11. Taxation

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

12. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2022	2021
	£	£
Equities	20,739,805	25,438,118
Bonds	13,838,972	12,359,323
Cash	-	145,430
Diversified Growth	11,795,888	12,602,002
LDI	23,722,466	49,847,847
Multi-asset	11,207,967	12,786,181
Hedge	23,934,269	23,095,684
	105,239,367	136,274,585

13. AVC investments

The Trustees hold assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to the Scheme year-end confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2022	2021
	£	£
Aviva (with-profits)	122,925	112,630
Aviva (unit-linked)	69,016	119,979
	191,941	232,609

14. Insurance policies

The Scheme held insurance policies at the year-end as follows:

	2022	2021
	£	£
Annuities with Friends Life	3,882,179	4,576,187

Notes to the Financial Statements (Cont)

15. Fair value determination

The fair value of financial instruments has been estimated using the following fair value determination:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above determination levels as follows:

As at 30 June 2022	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	105,239,367	-	105,239,367
Insurance policies	-	-	3,882,179	3,882,179
AVC investments	-	69,016	122,925	191,941
Cash	32,623	-	-	32,623
	32,623	105,308,383	4,005,104	109,346,110

As at 30 June 2021	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	113,178,901	23,095,684	136,274,585
Insurance policies	-	-	4,576,187	4,576,187
AVC investments		119,979	112,630	232,609
Cash	32,602	-	-	32,602
	32,602	113,298,880	27,784,501	141,115,983

In prior years the Partners Fund investments were classified as Level 3. It is now possible to obtain exact prices for these funds online and they have therefore are now able to be classified as Level 2.

16. Investment risk disclosures

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk – comprises the following three types of risk:

1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

Notes to the Financial Statements (Cont)

16. Investment risk disclosures (Cont)

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include AVC investments or legacy insurance policies as these are not considered significant in relation to the overall investments of the Scheme.

Asset Type	Credit risk	Market currency risk	Market interest rate risk	Market other price risk	2021 (30/06) £	2022 (30/06) £
L&G Equities	1	2	1	3	25,438,118	20,739,805
Baillie Gifford MAGF	2	2	2	2	12,786,182	11,207,967
Schroders DGF	2	2	2	2	12,602,002	11,795,888
Henderson MAC	3	2	3	1	12,359,323	11,500,132
Insight Global ABS	3	2	3	1	12,838,629	2,338,840
Insight LDI	2	1	3	1	37,009,219	23,722,466
Partners Fund	2	2	2	2	23,095,683	23,934,268
Liquid Assets - Cash	3	2	1	1	178,032	32,624
Total					**136,307,188**	**105,271,990**

In the table above, a risk rating '1' is deemed none/hardly any risk, '2' is partial and '3' is significant

Market risk: Interest rates

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds, leveraged gilt repos, interest rate swaps and cash through pooled investment vehicles. Specifically, the Scheme has exposure to interest rates through it's investments with Insight.

Generally speaking, if interest rates fall, the value of the Scheme's bond investments will rise to help offset a portion of the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the bond investments are more likely to fall in value, as will the actuarial liabilities because of an increase in the discount rate. As at 30 June, through their investments in bonds and LDI, the Scheme has hedged approximately 49% of the impact of interest rate movements on the liabilities. That is, if interest rates move, the LDI portfolio will experience approximately 49% of the movement of the liabilities.

Market risk: Currency

The Scheme is exposed to currency risk because some of its investments are held in overseas markets. These include the overseas equity portfolio with LGIM, Schroders in their diversified growth fund and Baillie Gifford in their multi asset growth fund. The multi-asset credit manager Henderson, Partners Group and Insight may also gain exposure to currency movements though their holdings of overseas assets.

The Scheme's liabilities are denominated in sterling and currency hedging is employed with overseas equities to manage the impact of exchange rate fluctuations on the Scheme's investments. Specifically, the Trustees took steps to hedge 75% of the non-sterling exposure in the equity mandate managed by LGIM back into Sterling.

The Scheme's other managers, Schroders, Baillie Gifford, Henderson, Partners Group and Insight take active decisions as to whether or not they hedge currency exposure back into Sterling.

Notes to the Financial Statements (Cont)

16. Investment risk disclosures (Cont)

Market risk: Other price

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes directly held equities, private equity, equities held in pooled vehicles, property and diversified growth funds.

The Scheme manages this exposure by investing in funds that invests in a diverse portfolio of instruments across various markets. According to the Scheme's Statement of Investment Principles (SIP), each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities. In addition, the asset allocation is detailed in the Statement of Investment Strategy and is monitored on a regular basis by the Trustees.

Credit risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, derivatives, has cash balances, enters into repurchase agreements, private debt and holds units in pooled investment vehicles. The Scheme has indirect exposure to credit risks from the underlying investments held by the pooled investment vehicles.

The credit risk arising on bonds is mitigated via Henderson and Insight's active management of the bond funds held by the Scheme. There may be additional exposure through assets held by Schroders and Baillie Gifford in their diversified growth and multi asset growth funds respectively.

The exposure to credit risk through private debt is managed by the Partners Group as it forms a proportion of a broadly diversified portfolio of alternative investments.

The instruments used in the pooled LDI funds held with Insight are not necessarily guaranteed by a regulated exchange, so there is the risk of a counterparty defaulting on its payment. The risk is reduced through collateral arrangements. It must be emphasised that although the instruments used by Insight in the pooled LDI funds carry various risks, the aim of these investments is to hedge against the changing actuarial value placed on the liabilities of the Scheme.

Credit risk arising on other derivative contracts is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated.

Cash is held within financial institutions which are at least investment grade rated.

Pooled investment arrangements used by the Scheme comprises of authorised unit trusts. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and the ongoing due diligence of the pooled manager.

Indirect credit risk arises in relation to the underlying investments of pooled investment vehicles. This risk is mitigated as set out above.

Notes to the Financial Statements (Cont)

16. Investment risk disclosures (Cont)

A summary of pooled investment vehicles by type of arrangement is as follows:

Fund arrangement	2022 (£'000)	2021(£'000)
Unit linked insurance contracts	43,744	50,826
Authorised unit trusts	35,434	35,455
Open ended investment companies	33	178
Irish Qualifying Alternative Investment Fund	26,061	49,848
Total	**105,272**	**136,307**

The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.

17. Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year-end:

	2022		2021	
	£	%	£	%
Insight Longer Real Fund	11,805,671	10.7	19,545,974	13.7
Henderson Multi Asset Credit Fund	11,500,132	10.4	12,359,323	8.7
Partners Group Fund	8,881,678	8.0	8,573,295	6.0
Partners Group Fund Class EN	15,052,591	13.6	14,522,389	10.2
Insight IIFIG Global Abs Fund	-	-	12,838,629	9.0
Mobius BG IF Multi Asset Growth Fund	11,207,967	10.1	12,786,181	9.0
Mobius Schroders Diversified Growth Fund	11,795,888	10.7	12,602,002	8.9
Mobius LGIM FW UK Equity Fund	5,681,517	5.1	-	-

18. Current assets

	2022	2021
	£	£
Contributions due from Employer in respect of:		
Employers	641,751	575,346
Prepayments	1,170	2,789
Cash balances	885,541	916,825
	1,528,462	1,494,960

Contributions due to the Scheme at the year-end have been paid subsequent to the year-end in accordance with the Schedule of Contributions.

Notes to the Financial Statements (Cont)

19. Current liabilities

	2022	2021
	£	£
Unpaid benefits	(46,429)	(26,105)
Accrued expenses	(84,129)	(200,122)
	(130,558)	(226,227)

20. Related party transactions

The key management personnel of the Scheme are considered to be the Trustees. Fees and expenses paid directly to the Corporate Trustee by the Scheme for their services during the year were £325,110 (2021: £301,092) and are disclosed in Note 7 to the accounts. Included within the accrued expenses (note 20) is £23,560 (2021: £61,251) owed to the Trustees.

All of the transactions were made in accordance with the Scheme Rules.

The following Trustees of the Scheme are pensioner members.

PD Shilton Godwin
N Gash

21. Employer-related investments

There were no direct employer-related investments at the year-end. Contributions are normally received by the Trustees in the subsequent month to that in which they are due. Under the accruals basis of accounting, these contributions are therefore shown as outstanding. However, as the contributions were received in line with the Schedule of Contributions after the year end, they do not become employer-related investments.

22. Contingent liabilities

As explained on page 4 in Trustees Report, on 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

Under the rulings schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. However, at this stage the Trustees and Employer have not agreed the equalisation methodology to be used and therefore the Trustees are not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustees are able to reach reliable estimate.

Certificate of Adequacy of Contributions

Students' Union Superannuation Scheme

Certification of the Schedule of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected, on 30 June 2019, to be met by the end of the period specified in the Recovery Plan dated 21 September 2020.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 21 September 2020.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature:		Date:	21 September 2020
Name:	Paul Hamilton	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	St James's House St James's Square Cheltenham Gloucestershire GL50 3PR	Employer:	Barnett Waddingham LLP

Schedule of Contributions

Students' Union Superannuation Scheme Schedule of Contributions

Status

This Schedule of Contributions has been prepared by the Trustees of the Students' Union Superannuation Scheme (the Scheme), after obtaining the advice of the Scheme Actuary appointed by the Trustees.

Contributions to be paid by the Employer from 1 October 2020 to 1 August 2035

In respect of the shortfall in funding as set out in the Recovery Plan dated 21 September 2020:	Each participating employer will contribute an amount as set out in the attached Appendix 1. The amounts commencing on 1 October 2020 will be increased by 8% as at 1 October 2021, and then by a further 5% at each subsequent 1 October or such greater amount as is agreed between the Trustees and the Principal Employer. An additional increase will be applied as at 1 October 2021 to allow for the 7% pension increase issue for affected unions. The total increase will vary between unions depending on the additional liabilities arising from the issue, but on average will be around 18%. These contributions are payable monthly in arrears, within 19 days of the end of each month. A participating employer may, at their discretion, pay all or part of the contributions in advance. The Trustees have given the participating employers the option of paying a single lump sum contribution instead of their monthly contributions from October 2020 to September 2023. These lump sum contributions are set out in Appendix 2. If a participating employer chooses to pay this lump sum (which they are under no obligation to do) then they will not pay any contributions set out in Appendix 1 for the period from 1 October 2020 to 30 September 2023. Contributions payable under Appendix 1 for periods outside these dates remain payable by participating employers taking up this offer. Participating employers taking up the offer must pay the lump sum contribution by 19 November 2020, and may at their discretion pay all or part of the lump sum contribution in advance.
In respect of expenses:	The amounts set out in the appendices include an allowance of £400,000 pa, increasing since October 2017 at 5% pa, in respect of the ongoing administrative and operational expenses of running the Scheme.

In respect of the Pension Protection Fund levy:	The amount of the PPF levy as shown in the levy invoice, plus associated expenses, will be payable in addition to the contributions set out in the appendices. Once the PPF levy has been paid by the Trustees, the amount due from each participating employer will be determined by the Trustees and notified to each participating employer for payment within 30 days.

This schedule has been agreed by the Trustees and the Principal Employer

....

Signed on behalf of the Trustees of the Students' Union Superannuation Scheme

21 September 2020

Date

....

Signed on behalf of NUS

21 September 2020

Date

Implementation Statement

Students' Union Superannuation Scheme

Scheme year end 30 June 2022

Purpose of the Implementation Statement

The Implementation Statement has been prepared by the Trustees of the Students' Union Superannuation Scheme ("the Scheme") and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 30 June 2022.

How voting and engagement policies have been followed

The Trustees consider their voting and engagement policies have been met in the following ways:

- At the Scheme year-end, the Scheme's investment managers were: Legal and General Investment Management ("LGIM"), Baillie Gifford Asset Management ("Baillie Gifford"), Schroder Investment Management ("Schroders"), Janus Henderson Global Investors ("Janus Henderson"), Partners Group (Guernsey) Limited ("Partners") and Insight Investment Management ("Insight"). The Trustees regularly consider the performance of the funds and any significant developments that arise.
- The Scheme invests entirely in pooled funds, and, as such, delegates' responsibility for carrying out voting and engagement activities to the Scheme's investment managers.
- Annually, the Trustees receive and review voting information and engagement policies from both the asset managers and our investment advisors, which we review to ensure alignment with our own policies as set out in the Statement of Investment Principles. This exercise was undertaken in October 2022 in respect to the asset managers voting behaviours over the year to June 2022.
- The Trustees also have a policy to carry out an annual review of the Scheme's investment managers' ESG policies, integration of ESG into their investment processes and, approach to engagement and voting activities. The last review was carried out in December 2021.

Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the asset managers are in alignment with the Scheme's stewardship policies. No asset managers have attended Trustees meetings over the year.

The tables provided in the remainder of this statement provide an indication of the investment managers' overall voting and engagement activities.

Voting Data

The voting data collated for Scheme is given over the year to 30 June 2022.

The voting data provided by all managers is specific for the pooled version of the funds in which the Scheme invests.

Manager	Baillie Gifford	Schroders	Partners
Fund name	Multi Asset Growth Fund	Life Intermediated Diversified Growth Fund	Partners Fund
Structure	Pooled		
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
Number of company meetings the manager was eligible to vote at over the year	101	1,590	60
Number of resolutions the manager was eligible to vote at over the year	1,164	18,051	865
Percentage of resolutions the manager voted on	83.9%	95.9%	100.0%
Percentage of resolutions the manager abstained from	0.72%	0.4%	2.2%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	96.2%	89.3%	93.5%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on	3.1%	10.7%	4.3%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	*Data not provided*	*Data not provided*	1.0%

Source: Baillie Gifford Asset Management, Schroder Investment Management, Partners Group (Guernsey) Limited

Manager	LGIM					
Fund name	Future World Emerging Markets Equity Index	Future World Asia Pacific (ex Japan) Developed Equity Index	Future World Japan Equity Index	Future World Europe (ex UK) Equity Index	Future World North America Equity Index	Future World UK Equity Index
Structure	Pooled					
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.					
Number of company meetings the manager was eligible to vote at over the year	2,683	194	335	428	607	505
Number of resolutions the manager was	23,111	1,408	4,288	7,657	7,692	7,326

Manager			LGIM			
eligible to vote at over the year						
Percentage of resolutions the manager voted on	100.0%	100.0%	100.0%	99.7%	99.4%	100.0%
Percentage of resolutions the manager abstained from	1.7%	0.0%	0.0%	0.6%	0.1%	0.0%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	79.5%	72.5%	89.3%	82.3%	65.1%	94.2%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on	18.8%	27.5%	10.7%	17.1%	34.9%	5.8%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	8.6%	15.8%	8.8%	9.5%	26.3%	5.5%

Source: Legal and General Investment Management

Voting data is shown only for the un-hedged versions of the LGIM Future World Funds. The Scheme also holds currency hedged versions for some of these funds, which invest in the same assets as their un-hedged counterparts, meaning that the voting data will be the same.

There are no voting rights attached to the other assets held by the Scheme which includes multi-asset credit, global asset backed securities, Liability Driven Investments and liquidity funds.

Proxy Voting

A proxy advisor is a company that advises how owners of shares could vote on resolutions at shareholder meetings, and where applicable the proxy advisor can also vote on behalf of the owners of the shares. The below details how each of the Scheme's applicable investment managers utilise a proxy advisor.

LGIM

LGIM employ the use of Institutional Shareholder Services (ISS) as their proxy voting advisor to electronically vote on all clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with LGIM's position on ESG, they have put in place a custom voting policy with specific voting instructions. LGIM review their custom voting policy with ISS annually, and take into account feedback from their investors.

Baillie Gifford

Baillie Gifford are aware of recommendations made by their proxy advisors (ISS and Glass Lewis). However, unlike a majority of their peers, Baillie Gifford do not use proxy advisors to vote on their shares. Baillie Gifford instead analyses all proposals in-house in line with their own Governance & Sustainability Principles, and they endeavour to vote every one of their holdings in all markets. This is why Baillie Gifford cannot provide data on when they have voted contrary to the opinion of the proxy advisor.

Schroders

Schroders receive research from both the proxy voting service ISS. In order to make voting decisions the following sources of information will also be used: company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

Partners

Partners hire the proxy voting service providers Glass Lewis & Co to vote in-line with their Proxy Voting Directive. Wherever the recommendations for Glass Lewis, their proxy voting directive, and the company's management differ, they vote manually on those proposals.

Significant votes

The Trustees have delegated to the investment managers to define what a “significant vote” is. Data on significant votes was requested from the investment managers of all the funds in which the Scheme invests that have invested in equities over the year to 30 June 2022. A summary of the key voting action the managers have provided is set out below.

The Trustees’s investment consultant is liaising with Schroders to improve delivery of the data in the future, and the Trustees understand that the managers are working to improve their disclosures. Their voting activity is disclosed publicly on a monthly basis and the rationale behind significant votes is disclosed to the company and to the public.

LGIM

In determining significant votes, LGIM’s investment stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (“PLSA”). This guidance dictates significant votes include, but are not limited to:

- A high profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote, directly communicated by clients to the investment stewardship team at LGIM’s Stakeholder roundtable event, or where LGIM notes there has been a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- A vote linked to an LGIM engagement campaign.

We have provided some detailed examples of significant votes that LGIM have provided, for a sample of the regional Future World Equity Funds that the Scheme invests in, for ease of reporting. However, if you would like to review further significant votes this information can be found online.

https://www.lgim.com/uk/en/capabilities/investment-stewardship/

Future World Emerging Markets Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Meituan	Housing Development Finance Corporation Limited	Hon Hai Precision Industry Co., Ltd.
Date of vote	18 May 2022	20 July 2021	31 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.79%	0.74%	0.51%
Summary of the resolution	Resolution 2 - Elect Wang Xing as Director	Resolution 1.a & 1.b - Accept Financial Statements and Statutory Reports	Resolution 8.1 - Elec Liu, Yang Wei, with SHAREHOLDER NO.00085378 as Non-independent Director
How the manager voted	Against		
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an Annual General Meeting as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Diversity: A vote against is applied as LGIM expects a company to have at least one female on the board. Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. A vote AGAINST the election of Xing Wang and Rongjun Mu is warranted given that their failure to ensure the company's compliance with relevant rules and regulations raise serious concerns on their ability to fulfil fiduciary duties in the company.	The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.	Cumulative voting: Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.
Outcome of the vote	91.8% of shareholders supported the resolution.	98.9% of shareholders supported the resolution	N/A
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

	Vote 1	Vote 2	Vote 3
	issue and monitor company and market-level progress.		
Criteria on why the vote is considered "significant"	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. LGIM also considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.

Source: Legal and General Investment Management

Future World Asia Pacific (ex Japan) Developed Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Rio Tinto Limited	Goodman Group	Oversea-Chinese Banking Corporation Limited
Date of vote	05 May 2022	18 November 2021	22 April 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.31%	1.52%	1.23%
Summary of the resolution	Resolution 17 - Approve Climate Action Plan	Elect Rebecca McGrath as Director of Goodman Limited	Resolution 2a - Elect Ooi Sang Kuang as Director
How the manager voted	Against		
If the vote was against management, did the manager communicate	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		

	Vote 1	Vote 2	Vote 3
their intent to the company ahead of the vote?			
Rationale for the voting decision	Climate change: LGIM recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.	A vote against is applied as LGIM expects a company to have a diverse board, with at least 25% of board members being women. They expect companies to increase female participation both on the board and in leadership positions over time.	Climate change: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. Lead Independent Director: A vote AGAINST the elections of Sang Kuang Ooi, Kwee Fong Hon (Christina Ong), and Joo Yeow Wee is warranted given that they serve on the nominating committee and the company, under the leadership of a non-independent chairman, is not considered to have appointed an independent lead director (LID). Beng Seng Koh, the company's lead independent director, is not considered independent.
Outcome of the vote	84.3% of shareholders supported the resolution.	79.2% of shareholders supported the resolution	74.8% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on why the vote is considered "significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

Source: Legal and General Investment Management

Future World Japan Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Shin-Etsu Chemical Co., Ltd.	Sumitomo Mitsui Financial Group, Inc.	Canon, Inc.
Date of vote	29 June 2022	29 June 2022	30 March 2022
Approximate size of fund's holding as at	1.44%	1.39%	0.50%

	Vote 1	Vote 2	Vote 3
the date of the vote (as % of portfolio)			
Summary of the resolution	Resolution 3.1 - Elect Director Kanagawa, Chihiro	Resolution 5 - Amend Articles to Disclose Measures to be Taken to Make Sure that the Company's Lending and Underwriting are not Used for Expansion of Fossil Fuel Supply or Associated Infrastructure	Resolution 3.1 - Elect Director Mitarai, Fujio
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Diversity: A vote against is applied due to the lack of meaningful diversity on the board. Accountability: A vote against has been applied as the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board. Independence: A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. They would like to see all companies have a third of the board comprising truly independent outside directors.	Resolution 5 - A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply.	Diversity: A vote against is applied due to the lack of meaningful diversity on the board. Independence: A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. They would like to see all companies have a third of the board comprising truly independent outside directors.
Outcome of the vote	N/A	10% of shareholders supported the resolution	N/A
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM have had positive engagement with the Company. Despite this, they felt support of the shareholder proposal was appropriate to provide further directional push. LGIM will continue to engage with the Company to provide their opinion	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

	Vote 1	Vote 2	Vote 3
		and assistance in formulating the Company's approach.	
Criteria on why the vote is considered "significant"	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Significant shareholder support for a Climate Shareholder Resolution in the Japan market. Support of shareholder proposal not in line with management recommendation despite positive engagement with the Company.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

Source: Legal and General Investment Management

Future World Europe (ex UK) Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	LVMH Moet Hennessy Louis Vuitton SE	UBS Group AG	TotalEnergies SE
Date of vote	21 April 2022	6 April 2022	25 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.26%	0.98%	0.78%
Summary of the resolution	Resolution 5 – Re-elect Bernard Arnault as Director	Resolution 3 - Approve Climate Action Plan	Resolution 16 - Approve Company's Sustainability and Climate Transition Plan
How the manager voted	Against		
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.	Climate change: A vote AGAINST this proposal is applied following internal discussion. While LGIM positively note the company's progress over the last year, as well as its recent commitment to net zero by 2050 across its portfolio, they have concerns with the strength and coverage	Climate change: A vote against is applied. LGIM recognize the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, they remain concerned of the company's planned upstream production growth in the short term, and the absence of further

	Vote 1	Vote 2	Vote 3
		of the Climate Action Plan's Scope 3 targets and would ask the company to seek external validation of its targets against credible 1.5°C scenarios. Gaining approval and verification by SBTi (or other external independent parties as they develop) can help demonstrate the credibility and accountability of plans.	details on how such plans are consistent with the 1.5C trajectory.
Outcome of the vote	92% of shareholders supported the resolution	77.7% of shareholders supported the resolution	88.9% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on why the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	

Source: Legal and General Investment Management

Future World North America Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Microsoft Corporation	Amazon.com, Inc.
Date of vote	4 March 2022	30 November 2021	25 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	8.40%	8.19%	2.70%
Summary of the resolution	Resolution 9 - Report on Civil Rights Audit	Elect Director Satya Nadella	Resolution 1f - Elect Director Daniel P. Huttenlocher

	Vote 1	Vote 2	Vote 3
How the manager voted	For	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.
Outcome of the vote	53.6% of shareholders supported the resolution	94.7% of shareholders supported the resolution	93.3% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Criteria on why the vote is considered "significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes.	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.

Source: Legal and General Investment Management

Future World UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Rio Tinto Plc	Royal Dutch Shell Plc	BP Plc
Date of vote	8 April 2022	24 May 2022	12 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.98%	4.55%	1.95%
Summary of the resolution	Resolution 17 - Approve Climate Action Plan	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 3 - Approve Net Zero - From Ambition to Action Report

	Vote 1	Vote 2	Vote 3
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	Voted in line with management	
Rationale for the voting decision	Climate change: They recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.	Climate change: A vote against is applied, though not without reservations. They acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	Climate change: A vote FOR is applied, though not without reservations. While they note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, they remain committed to continuing their constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.
Outcome of the vote	84.3% of shareholders supported the resolution	79.9% of shareholders supported the resolution	88.5% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on why the vote is considered "significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.		

Source: Legal and General Investment Management

Baillie Gifford, Multi-Asset Growth Fund

In determining significant votes, Baillie Gifford takes into account the following criteria (please note, this list is not exhaustive, but exemplifies potentially significant voting situations):

- Whether Baillie Gifford's holding has a material impact on the outcome of the vote;
- The resolution received 20% or more opposition, and Baillie Gifford also opposed;

- Egregious remuneration;
- Controversial equity issuance;
- Shareholder resolutions that Baillie Gifford supported, and the resolution received 20% or more support from shareholders;
- Where there has been a significant audit failing; and
- Where Baillie Gifford have opposed: mergers and acquisitions, financial statements, and/or the election of directors and executives.

We have summarised some detailed examples of significant votes that Baillie Gifford have provided, in line with the above criteria, for ease of reporting. However, if you would like to review further significant votes this information can be found online.

https://www.bailliegifford.com/en/uk/institutional-investor/esg/

	Vote 1	Vote 2	Vote 3
Company name	BHP Group PLC	Galaxy Entertainment Group PLC	JC Decaux SA
Date of vote	14 October 2021	12 May 2022	11 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.03%	0.06%	0.23%
Summary of the resolution	Shareholder Resolution - Climate	Amendment of Share Capital	Remuneration
How the manager voted	For	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	No	No
Rationale for the voting decision	Baillie Gifford supported a resolution requesting the company to strengthen its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement. This was in line with management's recommendation.	Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	Baillie Gifford opposed five resolutions to approve executive compensation due to concerns over the lack of a clear link between pay and performance.
Outcome of the vote	N/A	Pass	Pass
Implications of the outcome	In advance of the AGM, Baillie Gifford engaged with the company on a number of climate related and shareholder resolutions. One resolution, Baillie Gifford engaged on was requesting the company to strengthen its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement. This resolution had been put forward at the 2019 and 2020 AGMs however failed only receiving 27% and 22%	Baillie Gifford have opposed similar resolutions in previous years and will continue to advise the company of their concerns and seek to obtain proposals that they can support.	Baillie Gifford have reached out to the Company after voting to confirm their decision to oppose pay due to a lack of transparency and seemingly a high degree of discretion. They have offered the Company to engage with them prior to the next AGM

	Vote 1	Vote 2	Vote 3
	support respectively. Previously Baillie Gifford had opposed the resolution as they were comfortable management were making sufficient progress however this year management recommended support for the resolution, and as such Baillie Gifford voted in favour. The resolution received over 98% support.		
Criteria on which the vote is considered "significant"	This resolution is significant because it was submitted by shareholders and received greater than 20% support.	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because Baillie Gifford opposed remuneration.

Source: Baillie Gifford Asset Management

Partners, The Partners Fund

In determining significant votes, Partners takes into account the size of the holding in the Fund. We have summarised some examples of significant votes that the Partners Group have provided.

As a private market fund, Partners control the board of many of the companies in which they invest. The examples provided by Partners are therefore examples of ESG efforts from the portfolio company over which Partners have control, rather than examples of significant votes.

	Vote 1	Vote 2	Vote 3
Company name	Civica	Foncia	VSB Renewables Platform
Date of vote	n/a	n/a	n/a
Summary of the resolution	Civica formalized its sustainability working group, which focuses on three areas: employees, customers and suppliers.	Foncia made significant efforts to reduce the environmental impact of its residential properties, notably through energy refurbishment.	VSB initiated the "VSB Goes Green Initiative", which includes several ESG projects aimed at deepening the alignment of business units and employees with the climate friendly nature of the company.
How the manager voted		Control of the board	
Rationale for the voting decision	The company aims to build on its previous achievements on employee net promoter score (eNPS) and diversity and inclusion. The group's eNPS is over 50 and the company was placed 73rd in Europe in the 2021 Financial Times Diversity Leaders list. Following the rise in COVID-19 cases in India, Civica increased its assistance in the region, including support for BAPS Shri Swaminarayan Mandir, which has established a dedicated, 500-bed hospital to provide medical assistance to the people of	The company is training more than 80% of its approximately 1'500 joint-property managers on energy efficiency topics before the end of the year, and re-trainings will be provided going forward. Foncia also has a plan to significantly reduce its own emissions. Around 10% of the company's Scope 1 and 2 emissions are caused by its vehicle fleet. By switching to hybrid or electric vehicles, the footprint could be reduced from 112 to 60 CO_2 grams/km. By the	One of the initiatives include assessing Scope 1 and Scope 2 emissions with the support of an external advisor. VSB aims to reduce its carbon footprint. The company has also initiated a comprehensive health and safety review to promote the well-being of its employees. VSB completed a detailed assessment of its IT and cyber security setup across offices with an external consultant. VSB will make the necessary

	Vote 1	Vote 2	Vote 3
	Vadodara. Civica also raised funds to support the setup of an intensive care unit to ensure patient access to ventilators, oxygen, food and medicine, while directly funding the purchase of patient monitors. The focus on employees also includes managing the environmental impact of their offices. In September 2021, Civica formalized its first carbon plan.	end of 2021, approximately 1'000 hybrid and electric vehicles will be ordered, which will gradually replace its current fleet in 2022. Foncia made a commitment to improve the diversity of its employee base. The core operations of the company (the "UES Foncia") scores 83 points in the French "Index d"égalité professionnelle entre les femmes et les hommes" (gender professional equality index), 8 points above the minimum required by the French government. The company is targeting a score of 90 within the next three years. In addition, Foncia's subsidiaries aim to reach or exceed 75 points within the next three years.	improvements based on the outcome of this engagement.
Criteria on which the vote is considered "significant"		Size of holding in the Fund	

Source: Partners Group (Guernsey) Limited

There are no voting rights attached to the other assets held by the Scheme, therefore no voting information is shown for these assets.

Schroder, Intermediated Diversified Growth Fund

Schroders define a significant to be a vote against management as this signals that they are not comfortable with the company's management actions/intentions. Schroders usually votes against management as an escalation method to an engagement that is not progressing, or otherwise may kickstart start an engagement period with the company concerned.

We have summarised some detailed examples of significant votes that Schroders have provided, in line with the above criteria, for ease of reporting. However, if you would like to review further significant votes this information can be found online.

https://www.schroders.com/en/sustainability/active-ownership/voting/

	Vote 1	Vote 2	Vote 3
Company name	Plug Power Inc.	Daikin Industries Ltd.	Ferrotec Holdings Corp.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	*Data not provided*	*Data not provided*	*Data not provided*
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation	Elect Director Makino, Akiji	Approve Restricted Stock Plan

	Vote 1	Vote 2	Vote 3
How the manager voted	Against the resolution (and against management)	Against the resolution (and against management)	Against the resolution (and against management)
Rationale for the voting decision	Insufficient vesting period. Although the compensation committee demonstrated adequate responsiveness to last year's relatively low support for the say-on-pay proposal by changing the LTI award mix to entirely performance-based options, an unmitigated pay-for-performance concern exists for the year under review. While the performance options contain several positive features, the magnitude of the target option grant values for all NEOs is outsized and not substantiated by company performance. In addition, an NEO received a new-hire grant of equity that lacks a strong performance basis and it is unclear what portion of the award was intended to replace forfeited equity.	Lack of independence on the board.	Lack of disclosure of performance targets.
Outcome of the vote	Data not provided	*Data not provided*	*Data not provided*
Implications of the outcome	Schroders have not provided the implications of the outcome of the votes on an individual level however have confirmed that following a vote against management, Schroders emails the company to inform them how they voted and their rationale for this.		
Criteria on which the vote is considered "significant"	Schroders define a significant to be a vote against management as this signals that they are not comfortable with the company's management actions/intentions. Schroders usually votes against management as an escalation method to an engagement that is not progressing, or otherwise may kickstart start an engagement period with the company concerned.		

Fund level engagement

The asset managers may engage with their investee companies on behalf of investors in the funds, which includes the Trustees. The reasons for each asset manager engaging with investee companies will vary across each individual manager. They may engage in order to question companies on their environmental, social and governance considerations.

The tables below provide a summary of engagement activities undertaken by each manager during the year under review.

Manager	LGIM					
Fund name	Future World	Future World	Future World Japan Equity Index	Future World	Future World North America Equity Index	Future World UK Equity Index

Manager	LGIM					
	Emerging Markets Equity Index	Asia Pacific (ex Japan) Developed Equity Index		Europe (ex UK) Equity Index		
Number of engagements undertaken on behalf of the holdings in this fund in the year	81	50	57	75	178	217
Number of entities engaged on behalf of the holdings in this fund in the year	37	30	40	48	122	119
Number of engagements undertaken at a firm level in the year				706		

Manager	Baillie Gifford	Schroders	Partners	Janus Henderson	Insight	Insight
Fund name	Multi Asset Growth Fund	Life Intermediated Diversified Growth Fund	Partners Fund	Multi Asset Credit Fund	Global ABS Fund	ILF GBP Liquidity Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes	Yes

Number of engagements undertaken on behalf of the holdings in this fund in the year	*29**	1000+	*Data not provided***	*123*	*c.50*	*16*
Number of engagements undertaken at a firm level in the year	*1,323*	3,022	*Data not provided***	1000+	797	

**Partners do not provide this data due to the way in which this is requested focusing on listed investments, which are not the focus of any Partners program where the majority are private markets investments.

*Engagement data at fund level is as at 31 March 2022 for Baillie Gifford Multi Asset Growth Fund.

Manager and Fund	Engagement themes and examples of engagements undertaken with holdings in the Fund
LGIM Future World Equity Funds *LGIM conduct all engagements at a firm level, so no engagements are specific to a single fund.*	**Company: JPMorgan Chase** LGIM have engaged with JPMorgan Chase for a number of years to encourage better environmental practices. LGIM were pleased to see that JPMorgan Chase have since committed to Paris alignment across the financing of a number of high-emission sectors. In 2021, JPMorgan Chase also published their interim targets towards decarbonisation. Given JPMorgan Chase's status in the global banking sector, LGIM will continue to monitor and engage with them on their environmental practices.
Baillie Gifford Multi-Asset Growth Fund**	**Company: SEGRO Plc** Ahead of the AGM Baillie Gifford contacted the company for additional reassurances with regards to issue price for the equity issuance authority. The company could not commit to issuing shares at or above the Net Asset Value, therefore Baillie Gifford took the decision to oppose, and notified the company of their decision. They will continue to engage with the company.
Schroders Life Intermediated Diversified Growth Fund	**Company: Amazon** Schroders engaged with the company to ask for further information on Worker's Rights by requesting comparable health and safety statistics, beyond Amazon's own safety leadership index. Amazon increased disclosure on their health and safety statistics. Additionally, the company have introduced a few comparable safety statistics. Schroders would like to see more metrics beyond the safety leadership index to mark this engagement as achieved.
Partners Partners Fund	**Company: Axia Women's Health** In August 2021, Partners Group explored ESG topics with the company's management team during a meeting called 'Hub Day'. Partners Group will develop the company's ESG Journey in early 2022. In addition, the first ESG Key Performance Indicators survey was expected to be sent to the company in January 2022.

Janus Henderson Multi Asset Credit Fund	**Company: Altice France** In collaboration with the Governance & Stewardship team, they engaged with the head of Investor Relations and a Board Member. They highlighted the fund's view that governance standards have deteriorated post the delisting in 2020. In particular, they voiced concerns about the lack of independence of the Board which has no independent member and do not include audit committee. They also note that the founder and controlling shareholder Patrick Drahi is actively involved in decision making (strategic, sometimes operational). They discussed executive compensation and noted that financial targets looked vague, and the absence of sustainability-linked target. They shared the fund's view that concrete leverage-based targets would make remuneration schemes more robust and that the presence of an independent director and/or better disclosures around compensation would support them in assessing the objectivity of the compensation framework. They have stated their expectation to be provided with complete audited financial statements, including the auditors' report for both Altice France and Altice International. This engagement failed to convince them about Altice's commitment to improve governance standards and they maintained a Blue ESG rating. It reflects their view that Altice exhibits higher Governance risks compared to other private companies in the same sector such as Masmovil (Green ESG rating, engagement on same topics around the same time). In their future engagement with Altice, they intend to follow up on the governance shortcomings identified in terms of Board independence and executive remuneration framework.
Insight Global Asset Backed Securities Fund	**Company: CVC – Cordatus** Insight engaged with this company regarding governance concerns and ESG constraints. Engagement was undertaken in addition to the standard credit underwriting process that was conducted as an integral part of their due diligence process. Material concerns were identified through the credit research process including: 1. Governance and permitted investment activity within the CLO enabled the CLO manager undue freedom to run inappropriate levels of concentration risk within the structure. Greater exposures to 2nd Lien loans were also permitted compared to previous deals. 2. ESG restrictions within the CLO were too wide. Initial documentation permitted exposure to any obligor as long as under 50% of their revenues came problematic sectors such as from the production or marketing of pornography or prostitution, opioid manufacturing and distribution, fossil fuel extraction by unconventional sources, fracking or coal mining. Engagement started in March and included discussions with both the CLO manager (CVC) and the lead broker on the deal (Jeffries).

	Engagement was largely written in nature and was led by a member of the secured finance team. Given the nature of the instrument, there are no implications for voting behaviour. As a result of their direct engagement, the obligor agreed to amend the terms of the new issue and resolved all of their underlying concerns. This included the following: 1. Investment restrictions were tightened, leading to a stronger governance control over the permitted investment flexibility of the CLO manager. 2nd lien loan limits were materially reduced to bring the deal in line with previous deals. 2. The CLO manager reduced the revenue limit for problematic from 50% to 5% in line with their requirements. The engagement was concluded satisfactorily, although they continue to engage with the issuer more broadly as part of their wider engagement. The Global ABS Fund participated in the new issue. This would have been unlikely without a successful conclusion to their engagement
Insight ILF GBP Liquidity Fund	**Company: Rabobank** Insight engaged with this company regarding various ESG related topics. Rabobank are held in the portfolio. It is a deep dive discussion on various ESG topics, so demonstrates the level of detail the discussions their credit analysts go into with issuers. They were keen to understand Rabobanks progress in its net zero strategy as well as an update on controversies. This engagement is aligned to a number of the SDGs, notably: SDG 13 and 16 This was a 121 call with Rabobank and was hosted by their banks analyst with the RABO IR team. Insight have since followed up in Q3 to further develop their understanding of Rabobank's progress in the below topics. During the meeting they gained insight into the progress on the following topics: KIFID and mis selling, net zero approach, cyber security The engagement itself was to gain insight and knowledge rather than to influence on this occasion. Insight will continue to engage and will review Rabobanks Net Zero Targets when they are released.

**Engagement example for Baillie Gifford Multi Asset Growth Fund is as at 31 March 2022.

There are no engagement activities attached to the other assets held by the Scheme which includes the Scheme's Liability Driven Investments.

Summary

Based on the information received, the Trustees believe that the asset managers have acted in accordance with the Scheme's stewardship policies as follows:

- The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns. The managers have demonstrated that they have engaged with their investee companies, as outlined in the Fund Level engagement section of this statement.

- The Trustees delegate the exercise of rights (including voting rights) the investment managers. The investment managers have done this over the period considered, as outlined in the Voting Data section of this statement.

The Trustees are supportive of the key voting action taken by the applicable asset managers over the period to encourage positive governance changes in the companies in which the managers hold shares.

The Trustees and their investment advisor are working with the asset managers to provide additional information in the future, in particular in regards to significant votes and engagement, in order to enhance their ability to assess the asset managers' actions.

Prepared by the Trustees of the Student Unions Superannuation Scheme

October 2022