SAUL CIO, Kevin Wade, and Tumelo CEO, Georgia Stewart

Breaking new ground

The Superannuation Arrangements of the University of London (SAUL) has become the first UK pension scheme to take up pass-through voting for both its DC and DB plans. SAUL CIO, Kevin Wade, and Tumelo CEO, Georgia Stewart, tell Francesca Fabrizi what this groundbreaking move means for voting consistency across their investments, as well as the implications for the wider pensions industry

Please give us an introduction to the Superannuation Arrangements of the University of London (SAUL).

Kevin Wade: The Superannuation Arrangements of the University of London (SAUL) were set up in 1976 mainly for the non-academic staff of c.50 colleges and institutions that have links with higher education, including most of the colleges of the University of London, Imperial College and the Universities of Essex and Kent.

From 1 April 2023, SAUL established SAUL Start, a defined contribution (DC) plan, for the first three years of SAUL membership, before members join the existing defined benefit (DB) plan.

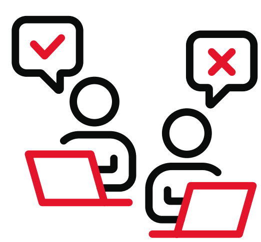
Assets of SAUL at 31 March 2024 were c.£3 billion, the majority held within the DB plan, with SAUL Start having reached c.£8 million.

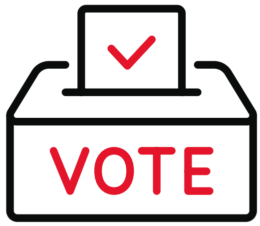
Please tell us about Tumelo and what the firm offers to the pension fund space.

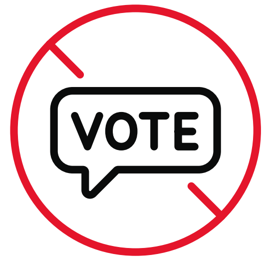
Georgia Stewart: Tumelo is a forward-thinking company that provides innovative solutions to the pension fund space, specifically customised stewardship. The firm offers a technology platform that enables pension schemes and asset managers to implement pass-through voting, thereby allowing them to directly cast votes on shareholder resolutions for the companies in which they invest. This service empowers pension funds to align their voting practices with their investment values, ensuring that their influence is consistent across both segregated and pooled funds. Tumelo's offerings are particularly significant in promoting transparency, accountability and sustainable investment practices within the financial sector.

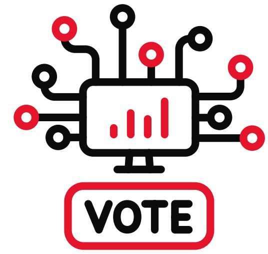
SAUL recently became the first UK pension scheme to take up pass-through voting for both its DC and DB plans. Please explain what this means in practice.

Wade: Historically, the Investment Committee preferred segregated public equity mandates for the DB plan, to ensure that SAUL's voting policy could be implemented on a consistent basis across the holdings (rather than leaving the









voting to managers to implement using their own organisation's policy).

Given the launch of the Tumelo pass-through voting service, it gave SAUL the ability to vote its share of equity exposures within pooled funds rather than leaving the investment manager to vote on our behalf based on their own voting policy. As a result, we were also able to align our voting across the DB plan (aligning the votes of both segregated and pooled public equity mandates) and SAUL Start (with pooled public equity mandates). This has allowed SAUL to send a consistent message to companies irrespective of how the securities are held. This will become more important to SAUL as members are likely to have both DC and DB benefits in the future, with the voting executed on their behalf being aligned across these investments.

It should be noted that SAUL has taken a pragmatic approach to implementing the pass-through voting service by applying it initially to the top 500 companies in the Legal & General pooled funds, as well as any smaller exposures where they are on the Climate Action 100+ list.

Why does this represent a significant step forward for the pensions space?

Wade: The adoption of pass-through voting by SAUL represents a significant advancement for the pensions industry because it strengthens the ability of pension schemes, such as SAUL, to exert influence over the companies in which they invest.

> **"This move sets a new precedent in the UK, encouraging other pension schemes to adopt similar practices and potentially leading to more robust and unified voting standards across the industry"**

Traditionally, voting rights for pooled funds were controlled by the fund managers, which could lead to inconsistencies with the pension scheme's values and objectives. By implementing pass-through voting, SAUL ensures that all votes are cast in alignment with its policies, thereby increasing its impact on corporate governance and social responsibility. This move sets a new precedent in the UK, encouraging other pension schemes to adopt similar practices and potentially leading to more robust and unified voting standards across the industry.

Which others parties were involved?

Wade: Several key partners have been instrumental in enabling SAUL to implement pass-through voting. Legal & General Investment Management (LGIM) provided the necessary platform and support to facilitate this voting capability for SAUL's pooled funds. Tumelo played a critical role by offering the technology that makes pass-through voting possible, allowing pension schemes to customise and enforce their voting preferences. PIRC, a company that specialises in corporate governance advisory services – across both engagement and voting, has also been involved by providing tailored voting guidelines and detailed company research to ensure that SAUL's voting practices are aligned with its current stewardship principles.

The collaboration among these three entities has been pivotal in achieving this milestone for SAUL.

Written by Francesca Fabrizi