

Engagement Policy Implementation Statement (“EPIS”)

Satake UK Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2024

The purpose of the EPIS is for the Trustee of the Satake UK Pension Scheme, to explain what it has done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

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

Our conclusion

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

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

The Trustee delegates the management of the Scheme’s assets to their fiduciary manager, Aon Investments Limited (“Aon”). The Trustee believes that the activities completed by the fiduciary manager on their behalf to review the underlying managers’ voting and engagement policies, and activities align with their stewardship expectations.

How voting and engagement policies have been followed

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

Over the reporting year, the Trustee monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from the investment adviser, Aon Investments Limited ("Aon"). In particular, the Trustee received quarterly ESG ratings from Aon for the funds the Scheme is invested in where available.

During the year, the stewardship section of the SIP was updated to reflect the Department for Work and Pensions ("DWP")'s updated guidance on how it expects trustees to approach stewardship.

Each year, the Trustee reviews the voting and engagement policies of the Scheme's investment managers to ensure they align with their own policies for the Scheme and helps them to achieve them.

The Scheme's stewardship policy can be found in the SIP: [here](#)

Our Engagement Action Plan

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

At the time of writing, some of the underlying managers did not provide all the engagement information requested. The Trustee's fiduciary manager monitors the underlying managers stewardship activities and reporting, and will engage with managers if needed.

What is stewardship?

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

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

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

Source: UN PRI

Our fiduciary manager's engagement activity

The Trustee delegates the management of the Scheme's assets to their fiduciary manager, Aon. Aon manages the Scheme's assets in a range of funds which can include multi-asset, multi-manager, and liability matching funds. Aon selects the underlying investment managers on behalf of the Trustee. The Trustee delegates monitoring of ESG integration and stewardship of the underlying managers to Aon. The Trustee has reviewed Aon's latest annual Stewardship Report and believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

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

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

Over 2023, Aon continued to make progress towards its commitment to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

What is fiduciary management?

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

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

The underlying managers' voting activity

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

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

Voting statistics

The table below shows the voting statistics for the Scheme's material fund with voting rights for the year to 31 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Multi-Factor Equity Fund	12,190	99.8%	21.1%	0.2%

Source: Manager. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Use of proxy voting advisers

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

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

The table below describes how the Scheme's manager uses proxy voting advisers.

Managers	Description of use of proxy voting adviser (in the managers' own words)
Legal & General Investment Management (LGIM)	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: Manager

Significant voting examples

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

Why is voting important?

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

Source: UN PRI

Why use a proxy voting adviser?

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

The underlying managers' engagement activity

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

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

Funds	Number of engagements		Themes engaged on at a fund/ firm-level
	Fund-level	Firm-level	
PIMCO – Climate Bond Strategy	186	1,355	Environment - Climate Change Governance - Board, Management & Ownership Strategy, Financial & Reporting - Capital Allocation; Financial Performance Other - ESG Bonds and Others
Robeco – Sustainable development goals (SDG) Credit Income Fund	17	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board effectiveness - Other Other - SDG Engagement
LGIM – Multi-Factor Equity Fund	296	2,500	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity Governance - Remuneration; Board Composition
M&G – Sustainable Total Return Credit Investment Fund	13	297	Environment - Net Zero/Decarbonisation; Nature and Biodiversity Social - Diversity and Inclusion; Inequality Governance - Board Composition
Aegon – European Asset backed securities (ABS) Fund	127	528	Environment - Climate Change Governance - Board effectiveness - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure
HSBC – Global Investment Grade Securitised Credit Fund	<i>Not provided</i>	2,310	Strategy, Financial & Reporting* - Financial Performance; Capital Allocation; Strategy/Purpose; Reporting; Risk Management
Robeco – Short Dated Credit Fund	28	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board effectiveness - Other Other - SDG Engagement
Boussard & Gavaudan Fund	19	19	Environment - Climate Change Social - Human Capital Management Governance - Shareholder Rights; Remuneration Strategy, Financial & Reporting - Reporting
Man Group – Alternative Style Risk Premia	<i>Not provided</i>	81	Environment* - Climate Change; Natural Resource Use/Impact Social* - Human and Labour Rights; Public Health Governance* - Remuneration
Schroders – UK Property Fund	<i>Not provided</i>	6,724	Environment* - Decarbonising; Deforestation; Climate Risk, Oversight Governance* - Boards and Management; Corporate Culture
Blackstone – Property Partners Europe	<i>"Blackstone Real Estate's engagement does not take the form of engagement as strictly defined in the Investment Consultants Sustainability Working Group engagement questionnaire; rather we leverage our Real Estate ESG Framework and day-to-day communications to engage with our portfolio companies and operating partners. We have ESG team members in each region that directly engage with all of our companies and JVs on an ongoing basis."</i>		

Marshall Wace ESG (Market Neutral) TOPS UCITS Fund	<i>"Marshall Wace's engagement strategy is centred around several ESG priorities with a focus on environmental ones. The firm engages with select companies on how they manage environmental risks and opportunities, on the management of carbon emissions and environmental impacts, and on increasing ESG and climate related disclosures in alignment with widely recognised standards."</i>
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Source: Managers. *The following managers did not provide fund-level themes; themes provided are at a firm-level:

- Man Group
- Schroders
- HSBC

Data limitations

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

Man Group, HSBC and Schroders did not provide fund-level engagement information. Schroders stated that the property managers are responsible for the day-to-day relationship with tenants and therefore difficult to quantify.

- Although Marshall Wace provided some engagement information and firm-level examples, it did not provide most of the engagement information requested in the Investment Consultants Sustainability Working Group ("ICSWG") reporting questionnaire.
- Although Blackstone provided some engagement information, it did not provide most of the engagement information requested in the ICSWG reporting questionnaire.
- Whilst LGIM provided a comprehensive list of fund-level engagements, which we find encouraging, it did not provide detailed engagement examples specific to the fund in which we are invested.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

Appendix – Significant Voting Examples

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

LGIM - Multi-Factor Equity Fund	Company name	The Toronto-Dominion Bank
	Date of vote	20-Apr-2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.04
	Summary of the resolution	Resolution 9 - Disclose Transition Plan Towards 2030 Emission Reduction Goals
	How you voted?	Votes Supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting
	Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

Source: Manager