

Engagement Policy Implementation Statement (“EPIS”)

Satake UK Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2025

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 2025 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 the Trustee has undertaken during the year, the Trustee believes 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 (“AIL”). The Trustee believes 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 our 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 our investment adviser, Aon Investments Limited ("AIL"). In particular, the Trustee received quarterly ESG ratings from AIL for the funds the Scheme is invested in where available.

During the reporting year, the Trustee has also received the 2023 - 2024 Stewardship report of their fiduciary manager ("AIL") which sets out a series of engagement case studies to provide the Trustee with a good understanding of the stewardship activity AIL and underlying managers are undertaking. As outlined in the Scheme's SIP, the Trustee expects AIL to monitor and engage with underlying managers, and report to the Trustee on stewardship activity as required.

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 help us to achieve them.

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

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

The Trustee delegates monitoring of ESG integration and stewardship of the underlying managers to AIL. The Trustee has reviewed AIL's latest annual Stewardship Report and they believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

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

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

AIL has a net zero commitment to deliver UK delegated investment portfolios and default strategies which have a net zero carbon emissions profile by 2050.

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

What is fiduciary management?

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

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

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. 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. The Trustee expects the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2025.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Legal & General Asset management ("L&G") - Multi-Factor Fund	11,446	99.8%	20.8%	0.4%
UBS Global Asset Management ("UBS") - Emerging Market Equity Climate Transition Strategy	7,747	85.0%	6.6%	4.3%
UBS - Global Equity Climate Transition Fund	12,234	93.0%	8.1%	0.1%

Source: Investment Managers. 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 managers use proxy voting advisers.

Managers	Description of use of proxy voting advisers (in the managers' own words)
L&G	L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G 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.
UBS	UBS AM retains the services of Institutional Shareholder Services (ISS) for the physical exercise of voting rights and for supporting voting research. UBS retains full discretion when determining how to vote at shareholder meetings.

Source: Investment Managers

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.

Significant voting examples

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

Our managers' engagement activity

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

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

Funds	Number of engagements		Themes engaged on at a fund/ firm level
	Fund level	Firm level	
L&G - Multi-Factor Fund	682	4,399	Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Human Rights, Gender Diversity, Income Inequality Governance - Capital Management; Remuneration, Board Composition Other - Corporate Strategy, Regulation
UBS - Emerging Market Equity Climate Transition Fund	38	425	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights ; Human capital management Governance - Remuneration; Board effectiveness - Other
UBS - Global Equity Climate Transition Fund	174	425	Environment - Climate Change; Natural resource use/impact; Pollution, Waste Social - Human and labour rights; Human capital management Governance - Remuneration; Board effectiveness - Other; Leadership - Chair/CEO Strategy, Financial & Reporting - Capital Allocation; Strategy/purpose
Aberdeen - Climate Transition Bond Fund	104	1,868	Environment - Other Environment Related; Climate Social - Human Right & Stakeholder Governance - Corporate Governance; Corporate Behaviour
L&G - Diversified Credit Fund	326	4,399	Environment - Climate Impact Pledge; Climate Change Governance - Capital Management; Remuneration Other - Corporate Strategy
Aegon - European Asset backed securities (ABS) Fund	115	422	Environment - Climate Change Social - Social; Human and Labour Rights Governance - Governance Other - General Disclosure
M&G Investments – Sustainable Total Return Credit Investments	12	406	Environment - Net Zero / Decarbonisation; CA 100+ Engagements; Climate Change; Nature & Biodiversity Social - Diversity & Inclusion Governance - Executive Remuneration
Ardea - Global Alpha Fund	40	40	Environment - Climate Change

			Other - Green Government Bonds
Arrowstreet - ESG Global Equity Long/Short Fund	<i>Not provided</i>	159	Environment* - Water Quality; Water Security Social* - Human and Labour Rights; Community Relations Governance* - Business Ethics
Caius Capital - International Fund	>30	>30	Governance - Board effectiveness - Other; Leadership - Chair/CEO Strategy, Financial & Reporting - Strategy/Purpose; Financial Performance
Man Group - Alternative Risk Premia	<i>Not provided</i>	66	Environment* - Climate Change; Natural Resource Use/Impact Social* - Human and Labour Rights; Human Capital Management Governance* - Remuneration
Schroders - UK Property Fund	<i>Not provided</i>	4,713	Environment* - Climate Alignment; Climate Risk, Oversight Governance* - Boards and Management; Executive Remuneration Strategy, Financial & Reporting* - Strategy/Purpose
Marshall Wace - Market Neutral ESG Tops Fund*	<i>Not provided</i>	<i>Not provided</i>	Environment* - Climate Change; Natural Resource Use/Impact
Blackstone - Property Fund			<i>Not provided</i>

Source: Investment Managers. *Arrowstreet, Man Group and Marshall Wace did not provide fund level themes; themes provided are at a firm-level.

Data limitations

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

- On L&G funds, we note that the total number of engagements disclosed by the manager refers to the total number of interactions L&G held with individual companies as opposed to the number of engagements on specific engagement themes. Each interaction may therefore cover multiple themes.
- Blackstone did not provide any engagement information requested.
- Arrowstreet, Man Group and Schroders did not provide fund level engagement information.
- Marshall Wace provided limited engagement information but did provide detailed illustrative examples of its engagement activity at a firm level and stated that the manager undertakes engagement initiatives at the firm rather than strategy level.

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 managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

L&G - Multi-Factor Fund	Company name	Wells Fargo & Company
	Date of vote	30 April 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.5
	Summary of the resolution	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining Rights
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Labour rights: A vote in favour is applied as L&G supports proposals that are set to improve human rights standards and employee policies because we consider this issue to be a material risk to companies.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
UBS - Emerging Market Equity Climate Transition Fund	Company name	Zai Lab Limited
	Date of vote	18 June 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Executive pay is not aligned with performance. Majority of awards vest without reference to performance conditions. Lack of a clawback provision.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Given strong shareholder opposition, we shall monitor further developments.
	On which criteria have you assessed this vote to be most significant?	Over 32% of shareholders voted against the resolution.

**UBS - Global Equity
Climate Transition
Fund**

Company name	Bank of America Corporation
Date of vote	24 April 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
Summary of the resolution	Report on Clean Energy Supply Financing Ratio
How you voted?	Votes supporting resolution
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	We will support proposals that seek to promote greater disclosure and transparency in corporate environmental policies as long as: a) the issues are not already effectively dealt with through legislation or regulation; b) the company has not already responded in a sufficient manner; and c) the proposal is not unduly burdensome or overly prescriptive.
Outcome of the vote	Fail
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Given strong shareholder support, we shall monitor further developments.
On which criteria have you assessed this vote to be most significant?	Aggregate percentage of votes in support of resolution exceeded 25% of votes cast.

Source: Investment Managers