

Gates UK Pension Scheme

Engagement Policy Implementation Statement for the year ending 5 April 2024

Introduction

The Trustee of the Gates UK Pension Scheme (the 'Scheme') has a fiduciary duty to consider its approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly, or through, each investment manager.

This statement sets out how, and the extent to which, in the opinion of the Trustee, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 5 April 2024.

The Trustee, in conjunction with its investment consultant, appoints its investment manager and chooses the specific pooled funds to use in order to meet specific Scheme policies. It expects that its investment manager makes decisions based on assessments about the financial performance of underlying investments, and that it engages with issuers of debt or equity to improve its performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustee's objective is to ensure that the investment managers have the financial interests of the Scheme members as their first priority when choosing investments. The Trustee may take social, environmental or ethical considerations into account only when these factors do not contradict this objective.

The Trustee received the following training over the period:

Date	Provider	Subject
November 2023	Buck	Mansion House Reforms - What do they mean for DB pension arrangements?

Stewardship - monitoring and engagement

The Trustee recognises an investment manager's ability to influence the companies in which it invests will depend on the nature of the investment.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The Trustee has not set out its own voting policy but follows that of the investment manager. The investment manager is expected to provide regular reports for the Trustee detailing its voting activity.

The Trustee's policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers and it expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and are supportive of the investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
LGIM	Yes	Yes

The Trustee reviews each investment manager prior to appointment and monitors them on an ongoing basis through the regular review of the manager's voting and engagement policies, the investment consultant's ESG rating, and a review of each manager's voting and engagement behaviour.

The Trustee has not set out its own stewardship priorities but follows that of the investment manager.

The Trustee will engage with a manager should it consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the manager's own policies, or if the manager's policies diverge significantly from any stewardship policies identified by the Trustee from time to time.

If the Trustee finds any manager's policies or behaviour unacceptable, it may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the investments are held in pooled vehicles, the Trustee does not envisage being directly involved with peer-to-peer engagement in investee companies.

Investment manager engagement policies

The Scheme's investment manager is expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental, and corporate governance aspects.

The Trustee is comfortable that these policies are broadly in line with the Scheme's chosen stewardship approach and that they do not diverge significantly from any key stewardship priorities identified for the Scheme.

These policies are publicly available on the investment manager's website.

Exercising rights and responsibilities

The Trustee recognises that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment manager is expected to disclose annually a general description of its voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The Trustee has been provided with details of what the investment manager considers to be the most significant votes. The Trustee has not influenced the manager's definitions of significant votes but has reviewed these and are satisfied that they are all reasonable and appropriate.

The investment manager uses proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustee does not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustee considers the proportion of votes cast, and the proportion of votes against management and believe this to be an important (but not the only) consideration of investor behaviour.

Trustee's assessment

The Trustee has reviewed the investment manager's policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustee recognises that engagement and voting policies, practices, and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

The link to the investment manager's engagement policy can be found here:

Investment manager	Engagement Policy
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Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf
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