

# Engagement Policy Implementation Statement (“EPIS”)

## BNP Paribas Real Estate (UK) Pension Fund (the “Scheme”)

Scheme Year End – 31 March 2025

The purpose of the EPIS is for us, the Trustee of the BNP Paribas Real Estate (UK) Pension Fund, to explain what we have done during the year ending 31 March 2025 to implement certain policies set out in the Statement of Investment Principles (“SIP”).

It includes:

1. How our 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 we have exercised our voting rights or how these rights have been exercised on our 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 our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations, and that our voting rights have been exercised effectively on our behalf.

Our investment managers provided us with high-quality engagement information that was sufficient for us to deduce that the policies in our SIP had been implemented effectively and we are comfortable that our managers have carried out appropriate stewardship activity in relation to our stewardship priority of climate change.

Our engagement action plan outlines our commitment to continue to engage with our managers and carry out ESG monitoring of them.

## 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. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and 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.

In line with previous year's reporting process, we have chosen to adopt **climate change** as a stewardship priority for the Scheme. This has been chosen because we believe climate change has the potential to negatively impact the value of investments held if not understood and evaluated properly. Therefore, it is in the best interests of our beneficiaries for climate change issues and risks to be properly understood, and where possible mitigated, by the Scheme's appointed investment managers through their stewardship activity.

Over the reporting year, we 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 ("Aon"). In particular, we received quarterly ESG ratings from Aon for the funds the Scheme is invested in where available. We also received training discussing regulatory and market developments in the Responsible Investment space to enhance our understanding of these topics and ensure our policies remain aligned with requirements and best practices.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

This is in line with our stewardship priorities.

The Scheme's stewardship policy can be found in the SIP:  
<https://www.bnppfinalsalaryuk.com/wp-content/uploads/2023/09/BNP-RE-SIP-August-2023.pdf>

## Our Engagement Action Plan

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

1. Whilst BlackRock did provide a comprehensive list of fund-level engagements, these examples did not give as much detail as required by the Investment Consultants Sustainability Working Group ("ICSWG") engagement reporting template (which our investment adviser considers to be industry standard) and were not necessarily specific to the funds that we invest in. It is worth noting that BlackRock was fully disinvested in November 2024 as a result of changes to the Scheme's investment strategy. Where applicable, our investment adviser will engage with the managers on our behalf to better understand their engagement practices and discuss the areas which are behind those of their peers.

### 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*

2. Systematica did not provide any voting data or engagement information. This is not unreasonable given the nature of the fund – a hedge fund that heavily utilises derivatives that do not have voting rights. Where equities are held directly, the nature of the strategy involves frequently trading a large number of issuers making meaningful engagement impractical. As such, voting rights are not relevant to the fund. Our investment adviser will continue to engage with Systematica on our behalf regarding the provision of this information in future.
3. We will continue to engage with our managers to improve the quality and completeness of their reporting on voting and engagement.
4. We continue to undertake regular ESG monitoring of our managers.

## Our manager’s 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. We believe 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, and we expect the Scheme’s equity-owning investment manager, L&G to responsibly exercise their voting rights.

### Voting statistics

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

Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
L&G Future World Fund	21,789	99.6%	19.3%	0.3%

Source: L&G. 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, L&G uses proxy voting advisers.

Manager	Description of use of proxy voting adviser (in the manager’s own words)
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### 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.

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L&G

L&G's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") '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.

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*Source: L&G*

## Significant voting examples

To illustrate the voting activity being carried out on our behalf, we 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.

Where possible, we have focused on votes that have relevance to climate change, in line with our stewardship priorities.

## 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 manager. The manager has provided information for the most recent calendar year available.

Where engagement activity related to our stewardship priority of climate change, we have highlighted this in **bold text**.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
BlackRock All Stocks Corporate Bond Fund	118	3,384	<b>Environment - Climate Risk Management; Biodiversity; Water and Waste; Other Company Impacts</b> Social - Human Capital Management; Social Risks and Opportunities; Diversity and Inclusion; Community Relations Governance - Corporate Strategy; Business Oversight; Board Composition & Effectiveness; Remuneration
L&G Future World Fund	1,250	4,399	<b>Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste</b> Social - Human and Labour Rights; Human Capital Management; Inequality Governance - Remuneration; Board Effectiveness - Independence/Oversight; Board Effectiveness - Diversity Strategy, Financial & Reporting - Financial Performance; Strategy/Purpose; Reporting
Robeco Global Credits	15	324	<b>Environment - Climate Change</b> Social - Human and Labour Rights; Human Capital Management Governance - Shareholder Rights; Board Effectiveness - Other
Systematica Alternative Risk Premia Fund Limited			Not provided

## Data limitations

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

- L&G has provided complete engagement information. We note that the total number of engagements above refers specifically 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 cover multiple themes.
- Whilst BlackRock did provide a comprehensive list of fund-level engagements, these examples did not give as much detail as required by the Investment Consultants Sustainability Working Group ("ICSWG")

engagement reporting template (which our investment adviser considers to be industry standard) and were not necessarily specific to the funds that we invest in.

- Systematica did not provide engagement data as the manager stated the number of entities engaged with respect to the last calendar year was zero and as such, there are no case studies they can provide at this time. This is not unreasonable given the use of derivatives in the fund and the nature of the strategy.

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.

## Appendix – Significant Voting Example

In the table below is a significant vote example provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant, in particular those related to climate change (our chosen stewardship priority). Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the example below:

<b>L&amp;G - Future World Fund (Hedged)</b>	<b>Company name</b>	Unilever Plc
	<b>Date of vote</b>	01 May 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.2
	<b>Summary of the resolution</b>	Resolution 4: Approve Climate Transition Action Plan
	<b>How you voted?</b>	Votes supporting resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	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.
	<b>Rationale for the voting decision</b>	Climate change: A vote FOR the CTAP is applied as we understand it to meet L&G's minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, we note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. We therefore remain supportive of the net zero trajectory of the company at this stage.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	<b>On which criteria have you assessed this vote to be most significant?</b>	Thematic - Climate: L&G is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant, particularly when L&G votes against the transition plan.
<b>Relevance to Trustee stewardship priorities</b>	Climate-related resolution	

Source: L&G