

# Engagement Policy Implementation Statement (“EPIS”)

## Prowting Pension Scheme

### Scheme Year End – 31 March 2023

The purpose of the EPIS is for the Trustees of the Prowting Pension Scheme (the “Scheme”), to explain what they have done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How 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 Trustees have exercised voting rights or how these rights have been exercised on its behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

### Conclusion

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

Following investment strategy de-risking over the year, the investment with Barings was fully redeemed in January 2023. Despite this, the Trustee collected engagement information from Barings to review. The manager provided this data in the industry standard engagement reporting template, which the Trustee finds encouraging.

This EPIS does not disclose stewardship information on the Scheme’s other investments in gilts or cash due to the limited materiality of stewardship of these asset classes.

## How engagement policies have been followed

The Scheme is invested in pooled funds, and so the responsibility for engagement is delegated to the Scheme’s investment managers. The Trustees reviewed the stewardship activity carried out by Barings over the Scheme year and in the Trustees’ view, the investment manager was able to disclose adequate evidence of engagement activity. More information on the stewardship activity carried out by the Barings can be found later in this document.

Over the reporting year, the Trustees monitored the performance of the Scheme’s investments on a quarterly basis and received updates on important issues from its investment adviser, Aon Investments Limited (“Aon”). In particular, the Trustees received quarterly Environment Social Governance (“ESG”) ratings from Aon for the funds the Scheme is invested in where available.

The Scheme’s stewardship policy can be found in the SIP:

<https://www.persimmonhomes.com/corporate/sustainability/db-pensions-governance/>

## Engagement Action Plan

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

1. The Trustees will continue to review the voting and engagement policies and activities of the Scheme’s managers each year, as applicable, to ensure that they align with their own policies and are being implemented effectively.

## 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 Barings. Barings has provided information on engagement activity for the most recent calendar year available. This involved 476 fund specific engagements and 760 firm level engagements. Engagements provided at a firm level are not necessarily specific to the fund invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a firm-level
	Fund specific	Firm level	
Barings - European Loan Fund	476	760	Environment - Climate change; Natural resource use/impact (e.g., water, biodiversity)  Governance - Board effectiveness – Diversity, Strategy, Financial and Reporting - Strategy/purpose; Reporting (e.g., audit, accounting, sustainability reporting)

Source: Barings.

## 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 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

## Data limitations

This report does not include commentary on the Scheme's investments in gilts and 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.

