

Engagement Policy Implementation Statement (“EPIS”)

Persimmon PLC Pension and Life Assurance Scheme

Scheme Year End – 31 December 2023

The purpose of the EPIS is for the Trustee of the Persimmon PLC Pension and Life Assurance Scheme (the “Scheme”) to explain what it has done during the year ending 31 December 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How the Trustee’s 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 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 Trustee has undertaken during the year, it believes that the policies set out in the SIP have been implemented effectively.

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

The Trustee will continue to meet periodically with its investment managers to get a better understanding of how their engagement policies are being implemented.

How voting and engagement policies have been followed

The Scheme is invested 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 accepts responsibility for how the managers steward assets on its behalf, including the casting of votes in line with each managers' individual voting policies. The Trustee reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in its view, 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 its investment adviser, Aon Investments Limited ("Aon"). In particular, it received quarterly ESG ratings from Aon for the funds the Scheme is invested in where available.

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

In June 2023, the Trustee received training on the updated guidance published by the DWP in relation to how it expects trustees to approach stewardship. Although there were no new requirements, this training allowed the Trustee to review its current position. This resulted in changes being made to the Plan's stewardship policy outlined in the SIP.

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 Trustee has done for the EPIS, it has decided to take the following steps over the next 12 months:

1. The Trustee will continue to invite each of its investment managers to meetings periodically to get a better understanding of their voting and engagement practices, and how these help them fulfil the Trustee's own policies.
2. The Trustee will continue to review the voting and engagement policies and activities of the Scheme's managers each year to ensure that they align with its own policies and are being implemented effectively.

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

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 December 2023.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
C Worldwide - Global Equities Fund	520	100.0%	7.7%	0.2%
Lazard - Global Infrastructure Fund	396	94.3%	3.8%	0.0%
Troy - Trojan Fund	275	100.0%	10.2%	2.9%

Source: 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 adviser(s) (in the managers' own words)
C Worldwide Asset Management ("C Worldwide")	We use Glass, Lewis & Co ("Glass Lewis") as the proxy voting service provider. In practice, this means that we receive notice of all ballots in the investee companies and research and vote recommendations reflecting our voting policy directions from the proxy voting service provider. They provide different policy recommendations where we have chosen to receive offers based on its ESG Policy. This policy considers environmental, social, and governance issues to a higher extent when reviewing and analysing the agenda items and thus proposing voting recommendations.

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.

Lazard Asset Management (“Lazard”)	Lazard currently subscribes to advisory and other proxy voting services provided by Institutional Shareholder Services Inc. (“ISS”) and Glass Lewis. Lazard employs its own proxy voting policy and as part of this has approved specific proxy voting guidelines regarding various common proxy proposals. These guidelines set out whether Lazard professionals should vote for or against a specific agenda item in every instance or whether an issue should be or considered on a case-by-case basis.
Troy Asset Management (“Troy”)	To assist us in exercising our voting rights, we make use of the services of a proxy adviser, ISS, who provide us with research in relation to resolutions and a platform, Proxy Exchange, through which votes are cast. Whilst ISS research is reviewed and their recommendations are taken into consideration, they do not drive our voting decisions. Through ISS, Troy publishes full voting records on our website and distributes notification letters.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on its 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 material funds. A sample of these significant votes can be found in the appendix to this statement.

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.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
C Worldwide - Global Equities Fund	38	263	Environment - Climate change Social - Human capital management Strategy, Financial & Reporting - Strategy/purpose; Financial performance; Risk management
Lazard - Global Infrastructure Fund	12	189	Environment - Natural resource use/impact; Pollution, Waste Governance - Leadership - Chair/CEO; Remuneration Strategy, Financial & Reporting - Strategy/purpose
LGIM - Buy and Maintain Credit Funds	154	2,500	Environment - Climate change Governance - Remuneration; Nominations & succession; Board Composition Other - Corporate Strategy
Troy - Trojan Fund	2	25	Governance - Board effectiveness - Diversity

Source: Managers.

Data limitations

While LGIM did provide a comprehensive list on fund level engagements, which the Trustee found encouraging, it did not provide detailed engagement examples specific to the fund in which the Scheme is invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard.

This report does not include commentary on the Scheme's asset backed funding arrangement or the 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.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme’s managers. The Trustee considers 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:

C Worldwide - Global Equities Fund	Company name	Amazon.com
	Date of vote	01-May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	3.8
	Summary of the resolution	Shareholder Proposal Regarding Report on Government Takedown Requests
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Not provided</i>
	Rationale for the voting decision	This proposal has been labelled as "Anti-ESG" due to the shareholder proponent. These proponents have generally submitted proposals that address environmental and social issues and their aims are fairly clearly articulated in their supporting statements. We are concerned that support for this resolution would buoy the proponents arguments and would advance a narrative that may contradict that of investors concerned about companies ESG performance.
	Outcome of the vote	Majority voted with management
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	N/A
	On which criteria have you assessed this vote to be most significant?	Transparency through reporting is a topic we usually always vote in accordance with, but as this example shows, we wish to take all aspects into consideration.
Lazard - Global Infrastructure Fund	Company name	Hera SpA
	Date of vote	27-Apr-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.3
	Summary of the resolution	Management - Authorise Share Repurchase Program and Reissuance of Repurchased Shares
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Lazard has approved specific proxy voting guidelines regarding various common proxy proposals, which determine whether a specific agenda item should be voted 'For,' 'Against,' or is to be considered on a case-by-case basis. It is not routine policy for Lazard to communicate its decision to vote against management ahead of the vote, but as we meet regularly with companies owned in our fundamental portfolios it is typically the case that we would have expressed any material concerns to management during these meetings.
	Rationale for the voting decision	This item warrants a vote AGAINST because the maximum volume of the share repurchase program may exceed 10 percent of issued share capital.
	Outcome of the vote	Pass

Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?

As active managers, outcomes stemming from voting decisions and engagement are incorporated into our investment process, further enhancing long-term value for clients and beneficiaries. We believe the most effective shareholder engagement is undertaken by analysts who can contextualise the information that arises from the dialogues which is reflected in our voting decisions and then incorporated into our investment process. We engage with companies on a regular basis and in the case where we have voted against management we would typically follow up.

On which criteria have you assessed this vote to be most significant?

In this instance, we have considered most significant votes in the following order: firstly, any "Say on Climate" management proposal or ESG focused shareholder proposals, secondly, any votes considered controversial by our investment professionals, and lastly, any management proposals where we voted against management. The resultant proposal buckets are then ranked by the company's average holding within the fund/or portfolio over the period under review to identify the top 10 votes for disclosure in the template.

Our voting approach is based on our global governance principles which lays out our expectations of company management. They are founded on the belief that long-term shareholder value is enhanced through a more comprehensive assessment of stakeholder management. This includes governance issues such as remuneration policies, independence of appointed board members, human capital issues including employees, suppliers, their customers, and the community, as well as natural capital issues, including its dependency and use of natural resources and its approach to manage climate change risk. We believe that we must vote in a manner that (i) will maximize sustainable shareholder value as a long-term investor; (ii) is in the best interest of its clients; and (iii) the votes that it casts are intended in good faith to accomplish those objectives.

Troy - Trojan Fund	Company name	Visa
	Date of vote	24-Jan-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	3.0
	Summary of the resolution	Require Independent Board Chairman
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	Troy engaged on this issue in June 2022 and are voting against the Chair of the Governance Committee to register our discontent with this structure as well as in support of a shareholder proposal requesting this separation.
	Outcome of the vote	Rejected
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to vote in the best interests of investors and monitor future AGM resolutions

On which criteria have you assessed this vote to be most significant?

The resolution satisfied the criteria of materiality. In this case it was a governance factor and we voted against management.

Source: Managers