

Engagement Policy Implementation Statement (“EPIS”)

Prowting Pension Scheme

Scheme Year End – 31 March 2024

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 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How the Trustees’ 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 their 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 year, they believe that the policies set out in the SIP have been implemented effectively.

In the Trustees’ view, the Scheme’s material investment manager was able to disclose good evidence of voting and/or engagement activity, and the activities completed by the manager align with their stewardship expectations. The Trustees believe their voting rights have been implemented effectively on their behalf.

The Trustees will continue to meet periodically with their investment manager 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 Trustees accept responsibility for how the managers steward assets on their behalf. The Trustees reviewed the stewardship activity of the material investment manager carried out over the Scheme year and in their view, the investment manager was able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's material investment manager can be found in the following sections of this report.

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 their investment adviser, Aon Investments Limited ("Aon"). In particular, they received quarterly ESG ratings from Aon for the funds the Scheme is invested in where available.

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

In June 2023, the Trustees 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 Trustees to review their current position. This resulted in changes being made to the Scheme'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 Trustees have done for the EPIS, they have decided to take the following steps over the next 12 months:

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

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
LGIM - Buy and Maintain	154	2,500	Environment - Climate change Governance - Remuneration; Nominations & succession; Board Composition Other - Corporate Strategy

Source: Managers.

Data limitations

While LGIM did provide a comprehensive list on fund level engagements, which the Trustees 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 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.

