

# Engagement Policy Implementation Statement (“EPIS”)

## Berry UK Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2024

The purpose of the EPIS is for us, the Trustee of the Berry UK Pension Scheme, to explain what we 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 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, except for few of the managers who did not provide engagement statistics and themes. Further detail on this is provided below. Otherwise, the activities completed by our managers align with our stewardship expectations.

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

1. While most of the Scheme’s material investment managers were able to disclose good evidence of voting and engagement activity there was some data limitations where managers were unable to provide all the requested information. Aon Investments Limited (“Aon”) as our investment adviser will engage with the relevant investment managers (being retained as part of the proposed investment strategies) to let them know our expectations of better disclosures in future.
2. We will continue to invite our investment managers to Investment Sub-Committee (“ISC”) meetings to get a better understanding their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.

## How voting and engagement policies have been followed

The Scheme is invested in entirely pooled funds (aside from the Liability Driven Investment portfolios), and so the responsibility for voting and engagement is delegated to the Scheme's investment managers. 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.

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.

During the year, we received training on various Responsible Investment (RI) topics, including updated DWP Guidance on Trustee Stewardship activities, themes in RI. Net Zero and Paris Alignment, Diversity and Inclusion in Investment, and Double Materiality, and agreed our policies in relation to these.

The Scheme's stewardship policy can be found in the SIP:  
<https://www.berrydbpensions.co.uk/resources/statement-of-investment-principles-2024/>

## 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:

- While Legal & General Investment Management ("LGIM") did provide a comprehensive list on fund level engagements, which we find encouraging, they did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard. We will write to the manager to let the managers know our expectations of better disclosures in future.
- KKR and CVC did not provide any data requested. Aviva, Schroders, and Baillie Gifford did not provide fund level engagement themes.

We recognise that the investment processes and the nature of some alternative investments may mean that stewardship is less practicable or may be less relevant for certain types of strategy. Nevertheless, we expect our managers to provide meaningful and transparent and granular reporting on stewardship activities in a timely fashion. Aon as our investment advisers, will engage with the relevant investment managers being retained as part of the proposed investment strategies to let them know our expectations of better disclosures in future.

- We will continue to invite each of our investment managers to Investment Sub-Committee (ISC) meetings to get a better

### 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

understanding their engagement practices, and how these help us fulfil our Responsible Investment policies.

## Our 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. 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, including equities held in multi-asset funds. We expect 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 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Baillie Gifford - Global Alpha Fund	1,290	94.4%	3.5%	1.4%
LGIM - RAFI Developed Multi-Factor	32,458	99.9%	23.1%	0.2%
Sands - Global Growth Equity	436	100.0%	3.4%	0.0%

*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.

### 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.

The table below describes how the Scheme’s managers use proxy voting advisers.

Managers	Description of use of proxy voting advisers <i>(in the managers' own words)</i>
Baillie Gifford & Co. (Baillie Gifford)	Whilst Baillie Gifford is cognisant of proxy advisers’ voting recommendations, we do not rely upon their recommendations when deciding how to vote on our clients’ shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers’ policies. Baillie Gifford utilises two proxy advisers’ voting research, Institutional Shareholder Services Inc. (“ISS”) and Glass Lewis, for information only. We also have specialist proxy advisors in the Chinese and Indian markets to provide us with more nuanced market specific information, ZD Proxy and IIAS respectively.
LGIM	LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM 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. For more details, please refer to the Voting Policies section of this document.
Sands Capital Management, Inc.	We vote our proxies ourselves, but we consider the recommendations of proxy advisors such as ISS and Glass Lewis in our voting decisions.

Source: Managers

### Significant voting examples

To illustrate the voting activity being carried out on our behalf, we 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 funds. A sample of these significant votes can be found in the appendix.

## 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 managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
Robeco - SDG Credit Income Fund	17	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Brd Eff. - Other Other - SDG Engagement
Aviva REaLM Multi-Sector Fund	Not provided	11,784	Environment* - Climate Change; Natural Resource Use/Impact Social* - Human and Labour Rights Governance* - Remuneration Strategy, Financial & Reporting* - Reporting
Baillie Gifford - Global Alpha Fund	108	744	Environment* - Climate Change Governance* - Brd Eff. - Diversity; Brd Eff. - Independence/Oversight; Brd Eff. - Other; Leadership - Chair/CEO
Bentall Green Oak - UK Secured Lending III Fund	6	Not provided	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Conduct, Culture and Ethics; Human and Labour Rights
CVC - Direct Lending III Fund	100% of portfolio companies have been engaged with around ESG issues.	Not provided	Not provided
KKR - Diversified Core Infrastructure Fund	Not provided	Not provided	Not provided
LGIM - RAFI Developed Multi-Factor Fund	612	2,500	Environment - Climate Impact Pledge; Climate Change Governance - Remuneration; Board Composition Other - Corporate Strategy
Sands - Global Growth Equity Fund	139	323	Social - Human Capital Management Governance - Brd Eff. - Independence/Oversight; Remuneration Strategy, Financial & Reporting - Reporting; Capital Allocation
DRC Savills - UK Whole Loan Fund	20	150	Social - Conduct, Culture and Ethics Strategy, Financial & Reporting - Capital Allocation; Financial Performance; Reporting; Strategy/Purpose
Schroder - Securitised Income Fund	Not provided	6,724	Environment* - Decarbonising; Deforestation; Climate Risk, Oversight Governance* - Boards and Management; Corporate Culture

Source: Managers. Brd eff. refers to Board effectiveness.

\*The following managers did not provide fund level themes; themes provided are at a firm-level:

- Aviva

- *Schroders*
- *Baillie Gifford*

## Data limitations

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

- KKR and CVC did not provide any information requested.
- Aviva, Schroders, and Baillie Gifford did not provide fund level engagement examples.
- LGIM did provide fund level engagement information but not in the industry standard Investment Consultants Sustainability Working Group (“ICSWG”) template.

This report does not include commentary on the Scheme’s investments in CBRE Osiris Property Fund, Tritax Property Income Fund, Leadenhall Diversified Insurance Linked Securities, PIMCO Disco Offshore Fund III, Orchard Global Taiga Special Opportunities, Liability Driven Investments, or cash because of the limited materiality of stewardship to these asset classes and/or limited materiality given a small proportion of the Scheme’s assets. 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. We consider 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:

<b>Baillie Gifford - Global Alpha</b>	<b>Company name</b>	Microsoft Corporation
	<b>Date of vote</b>	07 December 2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	3.9
	<b>Summary of the resolution</b>	Shareholder Resolution - Social
	<b>How you voted?</b>	Votes against resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	We opposed a shareholder resolution requesting a report on risks relating to the spread of misinformation and disinformation due to the company's AI. We believe the company's disclosures are already extremely robust on this topic, and it is unclear how this additional report would be additive.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	This proposal received 21% support. We believe the company's disclosures are already extremely robust on this topic, and it is unclear how this additional report would be additive.
	<b>On which criteria have you assessed this vote to be most significant?</b>	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
	<b>LGIM - RAFI Developed Multi-Factor Fund</b>	<b>Company name</b>
<b>Date of vote</b>		01 May 2023
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>		0.7
<b>Summary of the resolution</b>		Resolution 8 - Adopt Simple Majority Vote
<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>		LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a 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>		Shareholder Resolution - Shareholder rights: A vote FOR this proposal is warranted given that elimination of the supermajority vote requirement enhances shareholder rights.
<b>Outcome of the vote</b>		Fail
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>		LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.



	<b>On which criteria have you assessed this vote to be most significant?</b>	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
<b>Sands - Global Growth Equity Fund</b>	<b>Company name</b>	Zalando SE
	<b>Date of vote</b>	24 May 2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	1.4
	<b>Summary of the resolution</b>	Advisory Vote to Ratify Named Executive Officers' Compensation
	<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>	Not provided
	<b>Rationale for the voting decision</b>	GL and ISS have recommended voting against the remuneration policy, citing an insufficient response to shareholder dissent. The rating agencies recommended voting against it last year, however, we thought their rationale was faulty, as it was based on a concern that a short-term component of the plan has no performance criteria. However, as we wrote last year: The awarding of ZOP is not linked to any performance criteria which is not something we are typically ok with. However, in this particular case, it is acceptable, as the ZOP is essentially a replacement of the base salary that would also be rewarded without any linkage to performance criteria. Choosing to be paid via ZOP rather than cash further aligns mgmt. with shareholders, which in my view is what we ultimately want with a comp plan.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	Not provided
	<b>On which criteria have you assessed this vote to be most significant?</b>	The criteria we selected to assess the "significance" of the vote were the dissent level, shareholder proposals we voted FOR, times we voted AGAINST management or ISS, historical votes on similar proposals, and overall relevance to the strategy.

Source: Managers