

# Engagement Policy Implementation Statement (“EPIS”)

## AWE Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2025

The purpose of the EPIS is for us, the Trustee of the AWE Pension Scheme, to explain what we have done during the year ending 31 March 2025 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

**In our view, most of the Scheme’s material investment managers were able to disclose adequate evidence of engagement activity, and the activities completed by our managers align with our stewardship expectations.**

Over the reporting year, the Scheme did not hold any material investments with voting rights (e.g., physical equities). Therefore, no voting rights have been exercised on our behalf this year.

The level of engagement data provided by the Scheme’s fund managers remained consistent with the 2024/25 reporting year. Some of our investment managers were still unable to provide us with complete information to allow us to review the engagement activity carried out on our behalf. We, with support from our investment adviser, Aon Investments Limited (“AIL”), will engage with these managers to encourage improvements in future reporting and transparency.

## How voting and engagement policies have been followed

Good asset stewardship means being aware and active on voting issues (where relevant), 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.

The Scheme is invested in a number of pooled funds, in which the responsibility for engagement is delegated to the Scheme's investment managers. The Scheme is also invested in some segregated mandates in which engagement has been delegated to the investment manager (as per our stewardship policy as set out in the SIP).

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

### Manager Monitoring

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, AIL. In particular, we received quarterly Environment Social Governance ("ESG") ratings from AIL for the funds the Scheme is invested in, where available.

Twice a year, we receive a bespoke ESG dashboard from our investment adviser. Following this exercise, we identified five of the Scheme's underlying managers where engagement was needed. We questioned one manager on whether it was taking part in any industry initiatives to promote the availability of ESG data within private assets. We engaged with another manager to better understand its engagement practices and discuss areas in which it was behind its peers. With support from our investment adviser, we engaged with all five managers and were overall satisfied with their responses.

We will continue engaging with the Scheme's managers that were unable to provide fund-specific engagement information for this report, to better understand the engagement carried out regarding the Scheme's investments.

### Policy

We also agreed a Responsible Investment ("RI") policy which covers our steps to deliver on RI responsibilities and commitments and our expectations for the Scheme's investment managers.

The Scheme's stewardship policy can also be found in the SIP [here](#).

### Training

Throughout the year, we received training on ESG in different asset classes, including public equity and credit. This has allowed us to make informed

## 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*

decisions in manager selection exercises. We are progressing with physical equity and credit mandates which focus on making a positive ESG impact as well as financial returns.

### **Task Force on Climate Related Financial Disclosures (“TCFD”)**

Over the year, we completed a project to meet the requirements as set out by the TCFD. The TCFD establishes a set of eleven clear, comparable, and consistent recommended disclosures about the risks and opportunities presented by climate change.

The increase transparency encouraged through the TCFD recommendations is intended to lead to useful information and therefore better-informed decision-making on climate-related financial risks.

The Scheme’s latest TCFD report is available [here](#).

We are currently working towards producing our 2025 TCFD report which will be published in October 2025.

## Our managers' engagement 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 risks 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.

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/ firm level
	Fund level	Firm level	
Partners Group* - Global Infrastructure 2009	<i>Not provided</i>	>100	Environment – Climate change Social – Human capital management Strategy, Financial and Reporting
Partners Group* - Global Infrastructure 2012			
Partners Group* - Global Infrastructure 2018			
Partners Group* - Global Real Estate 2011			
Partners Group* - Global Value Real Estate 2019			
Schroders - UK Property Portfolio (segregated mandate)	>15	4,713	Environment – Climate change, natural resource use / impact, pollution, waste Social – Conduct, culture and ethics, human and labour rights Governance – Board effectiveness – diversity, independence or oversight, leadership – Chair / CEO Strategy, Financial and Reporting – Capital allocation, reporting, financial performance, strategy / purpose
Townsend - Global Core Real Estate Fund	60	135	Environment – Climate change, pollution, waste Strategy, Financial and Reporting
DRC - UK Whole Loan Fund	15 - 20	30 - 50	Environment – Climate change, natural resource use / impact, pollution, waste Social – Conduct, culture and ethics Governance – Board effectiveness – other, leadership – Chair / CEO Strategy, Financial and Reporting – Capital allocation, reporting, financial reporting, strategy / purpose
M&G* - Debt Opportunities Fund IV	<i>Not provided</i>	406	Environment- Climate change, natural resource use / impact Social – Human and labour rights, human capital management Governance – Board effectiveness - diversity
Chorus Capital* - Credit Fund IV (Series A and B)	<i>Not provided</i>	17	Environment – Climate change, natural resource use / impact, pollution, waste Social – Conduct, culture and ethics, human and labour rights, human capital management Governance – Brd eff – independence or oversight, other, leadership – Chair / CEO

Funds	Number of engagements		Themes engaged on at a fund/ firm level
	Fund level	Firm level	
JP Morgan - Hedge Fund (segregated mandate, fund of hedge-funds)	19	1,594	Environment – Climate change, natural capital and ecosystems Social – Stakeholder management, human capital, social sustainability Governance Strategy, Financial and Reporting – Strategy alignment with the long term
Barings - Global High Yield Credit Strategies	167	291	Environment – Climate change Social – Inequality Strategy, Financial and Reporting
CVC Credit Partners - EU Direct Lending 2021 Fund	100% of portfolio companies have been engaged with around ESG issues.	Not Available. Data only provided to Fund Limited Partners	CVC engage with portfolio companies from a bottom up perspective, collecting data through provision of questionnaires and looking to use ESG margin ratchets as a tool to target specific KPIs for improvement given the individual portfolio companies business focus.
Chorus Capital* - Credit Fund V	Not provided	17	Environment – Climate change, natural resource use / impact, pollution, waste Social – Conduct, culture and ethics, human and labour rights, human capital management Governance – Board effectiveness – independence or oversight, other, Chair / CEO

Source: Managers.

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

- Partners Group
- M&G
- Chorus Capital

## Data limitations

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

- Partners Group, M&G and Chorus Capital did not provide any fund-level engagement information but did provide firm-level engagement information.
- CVC did not provide any engagement information requested, stating that the nature of the strategy the Scheme invests in means that it will not be able to provide this information. However, the manager did provide information on its ESG policy which sets out how it approaches ESG considerations as part of its investment process.
- JP Morgan provided the engagement information requested; however, the manager provided this with a delay compared to the other managers of the Scheme. A termination liquidation of the JP Morgan mandate was instructed over the Scheme year.

For the illiquid assets held by the Scheme, we recognise that the opportunities for engagement with the underlying illiquid assets are not as extensive as they are for other investments. We still expect the investment managers of these funds to demonstrate and report on some level of engagement.

This report does not include commentary on certain asset classes such as government bonds or cash investments because of the limited materiality of stewardship to these asset classes. Adept Diversified Credit Fund has not been included in this report because the initial investment was made on the last day of the Scheme year.

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 AVC.