

Engagement Policy Implementation Statement (“EPIS”)

The Carlton Tower Pension Scheme (the “Scheme”)

Scheme Year End – 31 December 2024

This statement summarises the stewardship activities of the Trustee Directors of the Scheme during the year ending 31 December 2024. It includes:

1. How our policies in the Statement of Investment Principles (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 asset stewardship policies set out in the SIP have been implemented effectively.

Overall, we believe the Scheme’s investment managers were able to disclose adequate evidence of engagement activity over the Scheme year and the activities completed were aligned with our stewardship expectations.

The Scheme invested into the Insight Liquid ABS Fund and Aon’s Low Risk Bond strategy during the Scheme year. For the latter investment, the management of the underlying assets are delegated to Aon. We believe the activities completed by Aon over the Scheme year are aligned with our stewardship expectations.

While the transparency of engagement activity has improved over the Scheme year, notably from Townsend, we would still like to see more information being shared by ICG Longbow and Insight. We will continue to engage with these managers through our investment adviser to encourage improvements in reporting.

How voting and engagement policies have been followed

The Scheme has no direct or indirect holdings in equity investments and therefore there is no voting information to share.

The Scheme is invested entirely in pooled funds, and so the responsibility for engagement is delegated to the Scheme's investment managers, which is in line with the policies set out in our SIP. Overall, we believe the Scheme's investment managers were able to disclose adequate evidence of engagement activity over the Scheme year. More information on the stewardship activity carried out by the Scheme's investment managers can be found later in this statement.

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.

The Scheme's stewardship policy can be found in the SIP: [Carlton Tower Pension Scheme \(aon.com\)](#)

Our Engagement Action Plan

Following our engagement over the last couple of years, we are pleased to report that Townsend has provided information on engagement activity for the first time.

ICG Longbow continued to be unable to provide information on engagement activity, although did provide us with a copy of its wider sustainability report. We will continue to engage with ICG Longbow through our investment adviser to encourage improvements in its reporting and to get a better understanding of its engagement practices. However, we recognise that ICG Longbow may not update its reporting practices for the fund the Scheme is invested in given that it is due to be liquidated over the next couple of years.

Insight did not provide engagement themes at the fund level and stated that they currently do not track this data. We will engage with Insight through our investment adviser to encourage improvements and to get a better understanding of why they do not track engagements at fund level.

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

Our fiduciary manager's engagement activity

We invest some of the Scheme's assets in Aon's Low Risk Bond strategy. This is a fund of funds arrangement, where Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report, and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Aon engages with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

Aon has a net zero commitment to deliver UK delegated investment portfolios and default strategies which have a net zero carbon emissions profile by 2050.

Aon is a signatory of the UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

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 investment managers. For brevity, we have focused on the Scheme's most material managers (>1% of Scheme assets and held for more than a quarter of the reporting period). 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	
Aegon – European Asset Backed Securities (“ABS”) Fund*	115	422	Environment - Climate Change Social - Human and Labour Rights Governance - Leadership - Chair/CEO; Remuneration Other - General Disclosure
Royal London Asset Management – Absolute Return Government Bond Fund*	33	710	Environment - Climate Transition Risk Social - Just Transition; Mental Health; Financial Inclusion Governance - Remuneration; Corporate Governance Strategy, Financial & Reporting - Strategy/Purpose
Chorus Capital – Credit Fund	17	17	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Conduct, Culture and Ethics; Human and Labour Rights Governance - Board effectiveness - Independence or Oversight, Leadership - Chair/CEO
Insight – Liquid ABS Fund	40	1,922	Environment** - Climate Change Social** - Human and labour rights Governance** - Shareholder rights Strategy, Financial & Reporting** - Strategy/Purpose; Financial Performance; Reporting Other** - ESG Controversies
PIMCO - Absolute Return Bonds***	154	1,517	Environment - Climate Change Social - Conduct, culture and ethics Governance - Board, Management & Ownership Strategy, Financial & Reporting - Capital Allocation; Financial Performance; Strategy/Purpose Other - ESG Bonds, Product Safety & Quality
Townsend – Real Estate Alpha Fund III	10	29	Environment - Climate Change; Natural Resource Use/Impact Social - Conduct, Culture and Ethics; Human and Labour Rights Governance - Board effectiveness - Diversity
ICG Longbow – Real Estate Debt Fund V			<i>Not provided</i>

Source: Managers.

*Holdings accessed via Aon's Low Risk Bond strategy

**Insight did not provide fund level themes; themes provided are at a firm-level

***Redeemed part way through the year.

Data limitations

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

- ICG Longbow did not provide the engagement information requested.
- Insight did not provide engagement themes at fund level.

This statement does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes. Further, this statement does not include commentary on any allocations less than 1% of Scheme assets or held for less than a quarter of the reporting period of Scheme assets, including but not limited to the additional voluntary contributions (“AVCs”) funds.