

Engagement Policy Implementation Statement (“EPIS”) Carillion Group of the ESPS Scheme Year End – 31 March 2025

The purpose of the EPIS is for the Group Trustees of the Carillion Group of the ESPS (the “Group”), to explain what they 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 policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Group’s investments have been followed during the year; and
2. How the Group Trustees have exercised their 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.

Our conclusion

Based on the activity the Group Trustees have undertaken during the year, they believe that the policies set out in the SIP have been implemented effectively.

In November 2022 the majority of the Group’s assets were invested in a Bulk Purchase Annuity Agreement (the “Annuity”) with Just Retirement (“Just”). The aim of the Annuity is to wholly cover the benefits to all members of the Group. The Group’s remaining asset is cash held in the Group Trustees bank account.

This EPIS does not disclose stewardship information on investments in cash due to the limited materiality of stewardship of the asset class.

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How voting and engagement policies have been followed

During the reporting period, the majority of the Group’s assets were invested in the Annuity with Just. The Group’s remaining asset is cash held in the Group Trustees bank account.

The Plan’s stewardship policy can be found in the SIP:
<https://2020trustees.co.uk/carillion-group>

Engagement Action Plan

The responsibility for managing arrangements with underlying investment managers lies with Just. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the long-term objectives of Just; as well as having appropriate performance, costs (including turnover costs), and remuneration monitoring with respect to the appointed asset managers. In addition, the Group Trustees expect that Just uses its influence and purchasing power (where possible) to ensure that Environmental, Social, and corporate Governance (“ESG”) factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

The Group Trustees have limited ability to incentivise Just to align its investment strategy and decisions with their policies in relation to stewardship, corporate governance, and responsible investment. However, given the nature of buy-in policies, such as the Annuity purchased by the Group, the Group Trustees believe that Just is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance.

The Group Trustees recognise their responsibilities as a steward of investment capital; however, in endeavouring to invest in the best financial interests of the beneficiaries, the Group Trustees elected to purchase the Annuity and recognise that it cannot, therefore, directly influence the ESG integration nor stewardship policies and practices of the Insurer.

Should the Group Trustees be provided with any opportunity which they deem appropriate to incentivise Just concerning these areas, they will consider this and take reasonable steps. The Group Trustees were unaware of any such opportunity during the year.

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 ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.