

Engagement Policy Implementation Statement (“EPIS”)

Labour Party Pension Scheme (the “Scheme”)

Scheme Year End – 31 December 2024

The purpose of the EPIS is for us, the Trustee of the Labour Party Pension Scheme, to explain what we have done during the year ending 31 December 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, and the activities completed by our managers align with our stewardship expectations.

We delegate the management of the Scheme’s assets to our fiduciary manager, Aon Investments Limited (“Aon”). We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

How voting and engagement policies have been followed

The Scheme is entirely 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 our SIP. 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 ESG and stewardship topics and agreed our policies in relation to these.

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

The Scheme's stewardship policy can be found in the SIP here:
<https://labour.org.uk/resources/labour-party-pension-scheme-statements/>

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:

1. Encourage our fiduciary manager to continue engaging with the underlying managers to share best practice and encourage improvements in disclosure and reporting.
2. We will invite our fiduciary manager to a meeting to get a better understanding of how it is monitoring voting practices and engaging with underlying managers on our behalf, and how these help us fulfil our Responsible Investment policies.
3. We will undertake more regular meetings with our fiduciary manager if required, to ensure our fiduciary manager is using its resources to effectively influence positive outcomes in our relevant funds.

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 delegate the management of the Scheme's defined benefit assets to our fiduciary manager, Aon. Aon manages the Scheme's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. 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.

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

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 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 Trustee still retain responsibility for setting the high-level investment strategy.

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

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 December 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Mirova - Global Sustainable Equity Fund (Hedged & Unhedged)	689	100.0%	36.1%	1.0%
Nordea - Global Climate and Environmental Equity Fund (Hedged & Unhedged)	782	92.2%	7.4%	0.4%

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.

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

Managers	Description of use of proxy voting advisers (in the managers' own words)
Mirova	Mirova votes pursuant to our own policy and utilizes the Institutional Shareholder Services (ISS) proxy voting platform and research recommendations as one of many sources of research when determining how to vote.
Nordea	In general, every vote we cast is considered individually on the background of our bespoke voting policy, which we have developed in-house based on our own principles. Our proxy voting is supported by two external vendors (Institutional Shareholder Services and Nordic Investor Services) to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors have merged.

Source: Managers.

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.

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	
Underlying managers of Aon's Sustainable Multi-Asset Credit Strategy			
Aberdeen ("Abrdn") - Climate Transition Bond Fund	104	1,868	Environment - Other Environment Related; Climate Social - Human Right & Stakeholder Governance - Corporate Governance; Corporate Behaviour
Robeco - SDG Credit Income Fund	12	324	Environment - Climate Change Social - Human and Labour Rights Governance - Shareholder Rights; Board Effectiveness - Other
Underlying managers of Aon's Active Fixed Income Strategy			
Aegon Asset Management ("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
M&G - Sustainable Total Return Credit Investment Fund	12	406	Environment - Net Zero/Decarbonisation; Climate Action 100+ Engagements; Climate Change; Nature & Biodiversity Social - Diversity & Inclusion Governance - Executive Remuneration
Underlying managers of Aon's Low Risk Bond Strategy			
Aegon Asset Management ("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 ("RLAM") - Absolute Return Bond Fund	33	710	Environment - Climate Transition Risk Social - Just Transition; Mental Health; Financial Inclusion Governance - Remuneration, Corporate Governance
Underlying managers of Aon's Global Impact Strategy			
Mirova - Global Sustainable Equity Fund (Hedged & Unhedged)	25	68	Environment - Climate Change Social - Conduct, Culture and Ethics; Human and Labour Rights; Human Capital Management
Nordea - Global Climate and Environmental Equity Fund (Hedged & Unhedged)	47	1,409	Environment - Climate Change; Pollution, Waste; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Remuneration

Source: Managers.

Data limitations

This report does not include commentary on certain asset classes such as gilts or 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.

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, in the managers’ own words.

Mirova - Global Sustainable Equity Fund (Hedged & Unhedged)	Company name	Microsoft Corporation
	Date of vote	10 December 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	5.6
	Summary of the resolution	Shareholders request the Board of Directors commission a report assessing the implications of Microsoft cloud datacentres in countries of significant human rights concern, and the Company's strategies for mitigating these impacts. The report, prepared at reasonable cost and omitting confidential and proprietary information, should be published on the Company's website within a year of the 2024 shareholders meeting
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Microsoft has long been a Core company within Mirova's funds and, consequently, targeted for in-depth engagement. Various sustainability topics have consistently been addressed with Microsoft, notably amidst expansion of AI. In 2024, we notably refocused on 2 key aspects that justified our vote in favour of this item: i) Responsible AI, for which we joined the World Benchmarking Alliance Collaborative Engagement on Ethical AI and ii) AI & Climate, which is a growing topic of concern given the increase of Microsoft's carbon footprint in 2023. On the first aspect of Responsible AI, the collaborative engagement results show that Microsoft has among best practices in the market related to AI Governance, implementation and assessment of risks/impacts but we will keep monitoring this topic as high level of accountability is needed given its influence on the Generative AI sector. As part of our targeted engagement for 2024, we have also met Microsoft's Head of Investor Relations (IR) in June 2024 in Paris. Finally, on the latest engagement topic of AI & Climate, Mirova is in the process of writing a Position Paper and we are continuing our individual engagement with Microsoft. However, we are also exploring potential new collaborative engagement and advocacy initiatives to join.
	Rationale for the voting decision	The company has not provided evidence that it has conducted a human rights impact assessment, engaged impacted stakeholders, or disclosed an assessment or mitigation plan. The resolution requests for a report production enabling better voting decision for shareholders. As such, Mirova supports this resolution.
	Outcome of the vote	Fail

Nordea - Global Climate and Environmental Equity Fund (Hedged & Unhedged)	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	This vote is one of the steps of our long-term engagement with the company. We continue to engage with the company to foster the adoption of best practices.
	On which criteria have you assessed this vote to be most significant?	This resolution concerns a topic that is core for the company and its business model.
	Company name	Ansys, Inc.
	Date of vote	7 June 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.9
	Summary of the resolution	Provide Right to Call a Special Meeting
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	We think that each company should grant holders of a specific proportion of the outstanding shares of a company, no greater than 10%, the right to convene a meeting of shareholders for the purpose of transacting the legitimate business of the company. In our view, this shareholder proposal requesting the company to take the necessary steps to afford shareholders the right to call a special meeting, would improve shareholder rights.
	Outcome of the vote	Pass
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The protection of shareholder rights is an essential requirement for minority shareholders in a listed company. We will continue to vote for such proposals in other relevant companies.	
On which criteria have you assessed this vote to be most significant?	Significant votes are those that are severely against our principles, and where we feel we need to enact change in the company.	

Source: Managers.