

The Aston Martin Lagonda Limited Pension Scheme

Engagement Policy Implementation Statement for the year ending 5 April 2024

Introduction

The Trustee of the Aston Martin Lagonda Limited Pension Scheme (the 'Scheme') has a fiduciary duty to consider its approach to the stewardship of the investments in order to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through its investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustee, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 5 April 2024. This statement also describes the voting behaviour by, or on behalf of, the Trustee.

The Trustee, based on advice received from its investment consultant, appoints the investment managers and chooses the specific pooled funds to use in order to meet specific policies. The Trustee expects the investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process. The financial interests of the Scheme members are the Trustee's first priority when choosing investments. The Trustee will take members' preferences into account if it considers it appropriate to do so.

Stewardship - monitoring and engagement

The Trustee recognises that an investment manager's ability to influence the companies in which it invests will depend on the nature of the investment.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustee detailing their voting activity. The Trustees will take corporate governance policies into account when appointing and reviewing investment managers.

The Trustee also delegates responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and are supportive of its investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
MFS	Yes	Yes
Park Square	Yes	No
Barings	Yes	Yes
TwentyFour	Yes	Yes
Insight	Yes	Yes

As all of the investments are held in pooled vehicles, the Trustee does not envisage being directly involved with peer-to-peer engagement in investee companies.

Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee with information on how the investment managers engage in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to the investment managers' engagement policies or suitable alternatives are provided in the Appendix.

These policies are publicly available on the investment managers' websites.

The latest available information provided by the investment managers (for mandates that contain public equities or bonds) is as follows:

Engagement		
	MFS Global Equity	TwentyFour Sustainable Enhanced Income ABS
Period	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Number of companies engaged with over the year	122	Over 100
Number of engagements over the year	146	149

Exercising rights and responsibilities

The Trustee recognises that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers for which voting is possible are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment managers publish online the overall voting records of the firm on a regular basis.

Investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustee does not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustee considers the proportion of votes cast, and the proportion of votes against management, to be important (but not the only) indicators of investor behaviour.

The latest available information provided by the investment manager (for mandates that contain public equities) is as follows:

Voting behaviour	
	MFS Global Equity
Period	01/04/2023-31/03/2024
Number of meetings eligible to vote at	83
Number of resolutions eligible to vote on	1,498
Proportion of votes cast	100.0%
Proportion of votes for management	94.4%

Proportion of votes against management	5.6%
Proportion of resolutions abstained from voting on	0.0%

Trustee's assessment

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the year, by continuing to delegate to each investment manager, the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustee accepts that the way in which investment managers exercise their rights and engagement activities may differ from the Trustee's policies as set out in the Statement of Investment Principles.

The Trustee has reviewed the significant voting and engagement behaviour of each investment manager from time to time and believe that these are broadly in line with each investment manager's stated policies.

The Trustee recognises that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the engagement policies for the investment managers can be found here:

Investment manager	Engagement policy
MFS Investment Management	https://www.mfs.com/content/dam/mfs-enterprise/mfscom/backlot/Directive%20II%20-%20InstiCli.pdf
Park Square Capital	https://www.parksquarecapital.com/wp-content/uploads/2023/05/Park-Square-Responsible-Investment-Policy-April-2023-vF.pdf
Barings Asset Management Limited	https://www.baring.com/en-gb/institutional/sustainability/esg-stewardship/stewardship-engagement-investees
TwentyFour Asset Management	https://www.twentyfouram.com/engagement-at-twentyfour
Insight Investment Management	https://www.insightinvestment.com/globalassets/documents/responsible-investment/responsible-investment-reports/responsible-investment-policy.pdf

Information on the most significant votes for the fund containing public equities is shown below:

MFS Global Equity	Vote 1	Vote 2	Vote 3
Company name	Microchip Technology Incorporated	Compagnie Financiere Richemont SA	Oracle Corporation
Date of Vote	22/08/2023	06/09/2023	15/11/2023
Approximate size of fund's holding as at the date of	0.56%	1.53%	2.05%

the vote (as % of portfolio)			
Summary of the resolution	Elect Director Wade F. Meyercord	Re-elect Josua Malherbe as Director	Report on Median and Adjusted Gender/Racial Pay Gaps
How the fund manager voted	Against Management	Against Management	Against Management
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	While MFS may engage with issuers ahead of their vote at a shareholder meeting, MFS may not disclose their final vote decisions that are considered on a case-by-case basis prior to the meeting.		
Rationale for the voting decision	MFS voted AGAINST the nominee, as the nominee is the lead independent director, their tenure exceeds 20 years, and MFS feel there has been limited progress on refreshment.	MFS voted AGAINST this director as the nominee serves on the audit committee the audit committee is not 100% independent	MFS voted FOR this proposal, as they believe that additional disclosures relating to the company's adjusted pay gap and more information on how the company is ensuring pay equity would allow shareholders the ability to compare and measure the progress of the company's ongoing diversity and inclusion initiatives.

Outcome of the vote	78.1%	83.5%	84.7%
Implications of the outcome	MFS embrace opportunities to engage with issuers on issues such as this, and seek productive dialogues around gender diversity and the broader diversity among directors.	MFS embrace opportunities to engage with issuers on issues such as this, and seek productive dialogues around gender diversity and the broader diversity among directors.	MFS will continue to engage and communicate their views on the criticality of maintaining sufficient board and committee independence.
Criteria on which the vote is assessed to be "most significant"	For the purpose of this questionnaire, "significant votes" may have the following characteristics, among others: vote is linked to certain engagement priorities, vote considered engagement with the issuer, vote relates to certain thematic or industry trends, etc.		

Information on the most significant engagement case studies for the MFS as the company managing the fund containing public equities as at 31 March 2024 (latest available) is shown below:

MFS	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Rolls Royce Holdings PLC	Danone	Glencore PLC
Topic	Environment - Climate Change	Governance - Board effectiveness - Diversity Governance - Independence or Oversight	Environment - Climate Change
Rationale	MFS believe open communication with companies and issuers is an important aspect of their ownership responsibilities, which is why they take a constructive approach to engagement. ,characterized as collaborative, materiality oriented and issuer-focused, MFS believe this approach gives them an analytical		

advantage and can act as a source of alpha generation. It is thier view that the best outcomes are most likely achieved through strong relationships and regular, mutual dialogue with their portfolio companies. MFS's goal when engaging is to exchange views on ESG topics that represent material risks or opportunities for companies or issuers, and to effect positive change on such issues. MFS believe that long-term-oriented asset managers who engage companies on ESG topics can positively influence a multitude of better business practices, which will ultimately accrete value for clients. MFS's engagement approach is driven by strong collaboration between all members of their investment platform, including the stewardship team. MFS's engagements take place consistently, and in a number of different forms, often through mutual dialogue with company management, formal letters, ESG-focused board meetings and more. MFS may also work with other industry participants.

MFS believe that their approach to engagement can generate positive impacts for industries, individual companies and a wide range of stakeholders, including shareholders. MFS actively participate in industry initiatives, organizations and working groups that seek to improve and provide guidance on corporate and investor best practices, ESG integration and proxy voting issues. MFS is a member of or signatory to a variety of organizations and initiatives that promote ESG topics, including the Principles for Responsible Investment (PRI), the US Investor Stewardship Group (ISG), the Workforce Disclosure Initiative (WDI), the CDP, Climate Action 100+ (CA100+) and Ceres. MFS frequently participate in CA100+ company engagements, and are actively encouraging their portfolio companies to enhance disclosure and adopt best practices across a variety of ESG topics such as setting science-based emissions reduction targets, addressing modern slavery and forced labor concerns and enhancing disclosure around employee management practices.

What the investment manager has done	While the engagement described took place during the one year timeframe to end March 2024, engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that are	While the engagement described took place during the one year timeframe to end March 2024, engagement may have been ongoing for a number of years. At a firm	While the engagement described took place during the one year timeframe to end March 2024, engagement may have been ongoing for a number of years. At a firm
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<p>long-term in nature.</p> <p>MFS engaged on a collective basis as part as their membership of the Climate Action 100+ Working group on Rolls Royce.</p> <p>MFS;s conversations focused on the company's efforts to reduce the climate impacts of air travel, with a particular focus on sustainable aviation fuels and alternative propulsion technologies (e.g. hydrogen). The company has already run both large and small engines on 100% sustainable aviation fuels. However, the adoption of such fuels will likely continue to be constrained by regulation for some time. The team was more positive on the company's small modular nuclear reactor business. Given that nuclear has always suffered from cost overruns and higher than expected energy prices, Rolls Royce is going to manufacture these small module reactors in a central</p>	<p>level MFS have open dialogue with companies that are long-term in nature.</p> <p>We continued to engage with Danone during the first quarter of 2023 as part of our participation in Climate Action 100+. Some of the key topics discussed were climate change, natural capital and deforestation, plastics, decarbonization planning, SBTi certification and capital allocation. Overall, we note that progress has been made in several areas on the company's climate plans. For one, Danone's SBTi validation has come through in December 2022 and is now aligned with 1.5 degree pathway and includes new forestry, land use and agriculture targets.</p>	<p>level MFS have open dialogue with companies that are long-term in nature.</p> <p>Members of MFS;s investment team engaged with the sustainability lead, carbon lead and company secretary of Glencore ahead of the upcoming AGM and vote on the progress report of the company's climate transition plan. MFS's discussion provided additional color to the dynamics and factors shaping the decarbonization pathway for thermal coal and provided insight on both the progress and challenges in detailed public disclosure. Regarding product use emissions data, MFS encouraged Glencore to do more on customer engagement, including supporting the</p>
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<p>facility which will reduce time to energy production and the higher costs associated with traditional reactor construction.</p> <p>MFS engaged further with Rolls Royce in the fourth quarter of 2023. They were pleased to see some progress made around the previously discussed topics of climate-related disclosures and emissions reduction target setting. The company is working to have its emissions targets SBTi validated by the end of 2024, has achieved 2023 goals set around sustainable aviation fuel use, and communicated at a high level that emissions-reduction targets will be added to executive remuneration LTI starting in 2025. MFS noted that the company's product use emissions goals are highly dependent on developments in the sustainable aviation fuel space, a factor relatively outside of its control. However, Rolls Royce appeared to be</p>	<p>Danone's businesses greenhouse gas emissions for the agricultural business segment represent 60% of overall GHG emissions, which was challenging for target setting before the publication of the Forestry, Land use and Agriculture (FLAG) report. Before the FLAG report, sectoral pathways applicable to Danone were not defined. FLAG now provides companies with very precise guidance and tools that are specific to the FLAG sector – land based emissions and removals. Removals are key to the FLAG sector. The company stated that it participated in several working groups to shape the FLAG pathway. Targets have been filed for scope 1,2</p>	<p>transfer of knowledge on carbon capture from Australia into Asia. MFS also identified areas where they would like to see enhanced disclosure in the future.</p>
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taking reasonable steps to support its net zero alignment while limiting its climate-related risk exposure. MFS will continue to monitor the status of the company's target setting, plans and actions to achieve them and related management incentives.

and 3. The commitment Danone took is now more complicated and will require precise monitoring.

With regard to plastics, the company has release KPIs on plastic and packaging and it is one of the major topics for the company and core category. As for the targets, Danone stated that in staples sector it was always perceived as one of the leaders with regards to its approach on plastics and packing; it is focusing on increasing recyclability and finding alternatives, trying to find new innovations. The ambition of Danone is to be a pioneer and it will want to keep this ambition.

In November 2023, members of our investment team

continued our engagement program with Danone on the topics of board composition, CEO remuneration and plastics. In the meeting, we noted significant improvement in the company's board composition since 2022 in terms of independence and diversity of talent. We welcomed the company's efforts to recruit new directors with international experience, understanding of sustainability and transition risks and sectorial expertise.

On remuneration, we discussed the changes to the CEO's Short Term Incentive Plan (STI) and Long Term Incentive Plan (LTIP) which was approved at the 2023 AGM. We believe these changes better aligned CEO

remuneration with long-term shareholder interests by incorporating strategic sustainability criteria to the incentive plans. However, we communicated our desire to see greater clarity in how the CEO would be differently rewarded for greenhouse gas emissions reductions across the company's value chain in the LTIP and STI. We shared that we would like to see the GHG component of the LTIP broken down further to ensure that the emissions reduction payout isn't unnecessarily duplicated.

Lastly, we discussed a recent litigation against Danone filed by ClientEarth and others. The litigation claims that the Company's reporting has been

misleading with regards to its plastic water bottles recycling rate. The company stated that it is actively engaging with the claimants and has further communicated that it is heavily investing in recycling infrastructure in order to ensure that its bottles and other single use plastics are widely recycled. The company also stated to be lobbying for regulation that requires all producers to switch to recycled plastic for their bottles so it is not disproportionately impacted by the higher cost of using 100% recycled plastic in its packaging.

We have requested to talk to the company's plastic expert as well as to its plastics focused innovation team,

	and we will continue to closely monitor the progress. We also discussed the allegations with one of the claimants against Danone.	
Outcomes and next steps	MFS will continue to keep engaging with the company on these issues.	Shortly after MFS's engagement with Glencore, they followed up with written correspondence mentioning the plan to support the vote approving the progress report, despite limited implementation progress, and outlining feedback on multiple related topics. MFS further identified areas where they would like to see enhanced reporting on thermal coal in order to provide continued support of future progress reports such as capital allocation, the company's future emissions pathway, action to reduce customer

	emissions and mine rehabilitation.
	Regarding capital allocation, MFS requested further detail on the use of expansionary capital in thermal coal, such as location and activity, and the tests used to determine alignment of capital within the transition plan. MFS hope to meet again with the company in the coming months to continue engaging on these topics.

Information on the most significant engagement case studies for TwentyFour Square as the company managing the fund containing public bonds as at 31 March 2024 (latest available) is shown below:

TwentyFour - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Lloyds	Lendinvest	M&G Investments
Topic	Environment - Climate change	Governance - Shareholder rights	Governance - Shareholder rights
Rationale	TwentyFour engaged with Lloyds as part of their Carbon	TwentyFour engaged with Lendinvest during the marketing of their	M&G Investments brought their first CLO deal (Margay CLO) to the market

	<p>Emissions Engagement Policy. The focus of the engagement was in regards to the steps Lloyds are taking to reduce scope 3 emissions and broader firmwide environmental policy.</p> <p>This engagement is aligned with the SDG Climate Action goal.</p>	<p>new UK Residential Mortgage Backed Security issue (MORTI) in order to discuss initial aggressive structuring and limited skin-in-the game , as bondholder rights are crucial in TwentyFour's analysis of deals.</p>	<p>for a number of years and we were keen to discuss the terms of their new deal in order to ensure that bondholder rights were sufficient.</p>
<p>What the investment manager has done</p>	<p>In May 2023 TwentyFour had an engagement with Lloyds led by the ABS team, but on behalf of all investment teams, as Lloyds is widely held across their strategies. TwentyFour spoke to the investor relations team, who provided a lot of information on their targets for reduction in financed emissions and reduction in the carbon intensity of their residential mortgages.</p> <p>Lloyds have also set targets for</p>	<p>TwentyFour felt that there would have been low governance on the deal, with low call incentives. TwentyFour discussed adding more debt-friendly features within the deal, in order to participate. Lendinvest took on TwentyFour's feedback and incorporated a 'turbo' feature within the deal, which means the issuer does not get excess cash if the deal is not called. This materially improves the call incentives and improves</p>	<p>Similar to other CLO deals, TwentyFour engaged with the sponsor at early stage. TwentyFour sent a list of what they called Stipulations that they would like to see in the CLO documentation. Stipulations are important to TwentyFour as they limit the flexibility of the CLO manager in terms of how it can use extra cash or what it can buy, how much risk it can take for instance.</p> <p>For this manager specifically TwentyFour wanted</p>

	<p>affordable housing and diversity in their workforce. During TwentyFour's engagement they highlighted that the key challenges lie within mortgages and agriculture – they only have a limited exposure to fossil fuels. Their climate transition plan consists of target setting for both the bank financed emissions covering a major proportion of their lending (including oil & gas and power generation but mostly focussed on the motor and residential mortgages division) and the emissions financed through Scottish Widows.</p> <p>Their plan to tackle the residential mortgages division consists of (1) educate customers on the energy transition and (2) offer green products such as cash back products for EPC with A or B</p>	<p>bondholder protection, benefiting the governance of the deal. It was a positive sign from the issuer that it listened to investor feedback and strengthened the structure of the deal as a result.</p>	<p>to limit the flexibility after the end of the reinvestment period. TwentyFour believe CLOs are not permanent vehicles and investors should get their money back after a certain amount of time. By limiting the flexibility of what the manager can buy or sell TwentyFour can be sure the transaction will get called (repaid).</p> <p>TwentyFour were pretty strict with this manager because it was their first CLO deal post crisis. Usually after the end of the reinvestment period (~4.5y post closing) the manager can only reinvest the proceeds of sold obligations and unscheduled principal repayments. TwentyFour asked for no investments to be allowed one year after the end of the reinvestment period.</p>
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upgrades and retrofitting products which create incentives for borrowers to make energy improvement. Additionally, they have a partnered with Octopus Energy in which Lloyds provide the financing for electric heat pumps and Octopus Energy carries out the installation. Similar to other banks TwentyFour have engaged with, Lloyds reinforced the challenge that the UK housing stock is very old and while this partnership is early days, government incentives for households are lacking and more support is needed for households to make energy improvements. Lloyds are looking to harness their position as the largest lender of UK residential mortgages and are part of a number of

industry initiatives where they have selected a few lobbying areas including building a live database for EPC certificates as the current one is static and work on whether stamp duty should consider the energy efficiency of the property to incentive borrowers to make energy improvements.

On disclosures they report their finance emission per division but not for the entire book of mortgages and do not have the financed emission numbers their new prime RMBS deal. They're looking to breakdown the financed emission into more sectors within motor, mortgages and commercial banking sectors - TwentyFour have emphasised that this is something that is important and would be very useful. Similar to

peers Lloyds are using the PCAF methodology to calculate the financed emission which is based on EPC ratings. For properties that do not have an EPC rating, they are taking the average of B to G (excluding EPC of A as they assume these would be old properties). After focussing on initiatives on mortgages as it represents the largest part of what they do, they have been exploring options for the agricultural sector and CRE lending. The main challenges in the agricultural sector are that the industry is a fragmented, highly subsidised industry with high costs associated to the climate transition. Lloyds has made a partnership with a solar company which looks to provide financing to

	<p>improve the biodiversity and climate profile for farmers, in addition to discussions with the government to provide incentives.</p>		
Outcomes and next steps	<p>The engagement has met TwentyFour's stated objective – it was a very comprehensive response from Lloyds. TwentyFour will continue to monitor ESG developments and whether Lloyds are meeting their targets in terms of carbon emission reduction. Importantly, continue engagement to monitor progress on emissions disclosures for ABS deals rather than only for each lending division.</p>	<p>TwentyFour were happy with the inclusion of a 'turbo' feature from Lendinvest and they bought the new issue as a consequence.</p>	<p>The CLO manager pushed back on this, as expected, but after some back and forth engagements, they agreed the language TwentyFour requested. It was a great achievement on TwentyFour's side and was also welcomed by other buy-side investors.</p> <p>This was the second time TwentyFour proposed such strict language. The first time was for a CLO from ICG, where TwentyFour proposed even stricter language that was included in the final documentation but they learned from this that such strict language did not further benefit the</p>

	bondholders, hence our approach with the M&G deal.
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