

# *Implementation Statement, covering the Scheme Year from 6 April 2024 to 5 April 2025*

The Trustee of the Aston Martin Lagonda Limited Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

## **1. Introduction**

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year.

## **2. Voting and engagement**

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies can be found in the following link:

- MFS: [Proxy Voting Policy Statement | MFS](#)
- TwentyFour: [TwentyFour 2025 Engagement Policy](#).

The Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

Following the introduction of the Department for Work and Pensions (“DWP’s guidance”) in June 2022, the Trustee intends to select a set of stewardship priorities to focus monitoring and engagement with its investment managers on specific ESG factors. The Trustee will receive training on understanding the guidance and consider at an upcoming 2025 Trustee meeting.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

## **3. Description of voting behaviour during the Scheme Year**

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised, and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers’ voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee’s expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP’s guidance, on the Scheme’s funds that hold equities as follows:

- MFS Global Equity Fund

In addition to the above, the Trustee contacted the Scheme’s asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. None of the other

funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities. However, we have included information from TwentyFour in relation to its (non-voting based) engagement for the Enhanced Income ABS fund over the Scheme Year in Section 3.4.

### 3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee has reviewed these policies from time to time and is comfortable that the policies are aligned with the Trustee's views.

#### A summary of MFS's voting process

MFS maintains its own publicly available proxy voting policies and procedures (the MFS Proxy Policies), which guides all of its proxy voting decisions and provides a framework for voting decisions at approximately 2,000 meetings in over 50 markets each year. The exercise of voting rights is overseen by the MFS Proxy Voting Committee, which consists of senior members of MFS' Investment, Legal and Global Investment Support departments. This committee does not include individuals whose primary duties relate to client relationship management, marketing or sales.

The day-to-day management of MFS's proxy voting and engagement activity is performed by its stewardship team. While many voting issues fall within the scope of MFS's policies, many votes require a case-by-case analysis by the stewardship team. When considering certain types of votes for which the MFS Proxy Voting Policies and Procedures do not provide explicit guidance, the stewardship team and the investment team typically collaborate in assessing the voting matter.

MFS's stewardship team will engage in a dialogue or written communication with a company or other stakeholders when it believes that the discussion will enhance its understanding of certain matters on the company's proxy statement that are of concern to shareholders or regarding certain thematic topics of focus for MFS's proxy voting committee. Some of the issues MFS discusses with company management teams, board members and/or other company representatives include executive compensation, director accountability, as well as various environmental, social and governance issues. When engaging with companies, the stewardship team aims to: (i) explain the rationale behind our proxy votes; (ii) exchange views on relevant ESG issues; and (iii) potentially effect positive change with respect to such issues.

All proxy voting decisions are made in what MFS believes to be the best long-term economic interests of its clients.

MFS has entered into an agreement with Institutional Shareholder Services, Inc. ("ISS") to perform various proxy voting-related administrative services, such as vote processing and recordkeeping functions. While MFS also receives research reports and vote recommendations from ISS and Glass, Lewis & Co., etc, MFS analyses all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms. MFS's voting decisions are not defined by any proxy advisory firm benchmark policy recommendations. MFS has due diligence procedures in place to help ensure that the research it receives from its proxy advisory firms is accurate and to reasonably address any potentially material conflicts of interest of such proxy advisory firms.

### 3.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below.

	Fund details
Manager name	MFS
Fund name	Global Equity Fund
Total size of fund at end of the reporting period*	£369.4m
Value of Scheme assets at end of the Scheme Year	£9.3m
Number of equity holdings at end of the Scheme Year*	85
Number of meetings eligible to vote*	89
Number of resolutions eligible to vote*	1,541
% of resolutions voted*	100.00%

Of the resolutions on which voted, % voted with management*	92.60%
Of the resolutions on which voted, % voted against management*	2.99%
Of the resolutions on which voted, % abstained from voting*	4.41%
Of the meetings in which the manager voted, % with at least one vote against management*	21.59%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor*	MFS does not track this information.

\*Note: MFS was not able to provide data for the Scheme Year to 5 April 2025. As such, data shown is for the year to 31 March 2025.

### 3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will continue to consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria<sup>11</sup> for creating this shortlist.

MFS provided a number of examples of significant votes in relation to the Global Equity Fund over the year, based on its criteria listed below. Examples focussed on votes relating to remuneration, policy & reporting and governance. The subset of votes below were selected by the Trustee as the most significant as the three largest holdings from the examples provided by MFS. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

#### MFS

In determining significant votes, MFS considers that they may have the following characteristics, among others:

- The vote is linked to certain engagement priorities;
- The vote considered engagement with the issuer;
- The vote relates to certain thematic or industry trends.

#### Alphabet Inc., June 2024

- **Summary of resolution:** Report on Lobbying Payments and Policy.
- **Vote cast:** For (Against management recommendation). **Outcome of the vote:** Fail.
- **Rationale:** MFS voted in favour of this proposal, as it believed additional disclosure of the company's direct and indirect lobbying-related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.
- **Approx. size of the fund's holding at the date of the vote:** 2.3%.
- **Why this vote is considered to be most significant:** MFS considered this vote to be significant as it was linked to certain engagement priorities, considered engagement with the issuer or related to certain thematic or industry trends.

<sup>11</sup>[Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](https://www.plsa.co.uk/vote-reporting-template-for-pension-scheme-implementation-statement-guidance-for-trustees). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

- **Was the vote communicated to the company ahead of the vote:** This information was not provided by MFS.
- **Next steps:** MFS will continue to engage with the company and monitor progress.

#### Oracle Corporation, November 2024

- **Summary of resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation.
- **Vote cast:** Against (Against management recommendation). **Outcome of the vote:** Pass.
- **Rationale:** MFS voted against this proposal due to ongoing concerns around the structure and magnitude of the executive pay program, as well as the lack of performance conditions in the long-term incentive plan.
- **Approx. size of the fund's holding at the date of the vote:** 1.8%.
- **Why this vote is considered to be most significant:** MFS considered this vote to be significant as it was linked to certain engagement priorities, considered engagement with the issuer or related to certain thematic or industry trends.
- **Was the vote communicated to the company ahead of the vote:** This information was not provided by MFS.
- **Next steps:** MFS will continue to engage with the company and monitor progress.

#### Microsoft Corporation, December 2024

- **Summary of resolution:** Report on AI Data Sourcing Accountability
- **Vote cast:** Against (Against management recommendation). **Outcome of the vote:** Fail.
- **Rationale:** MFS voted for this proposal, given the ongoing questions, lawsuits, potential regulations, and questionable management commentary on this AI data sourcing. It felt that a report on this topic would be beneficial for long-term shareholders.
- **Approx. size of the fund's holding at the date of the vote:** 2.7%.
- **Why this vote is considered to be most significant:** MFS considered this vote to be significant as it was linked to certain engagement priorities, considered engagement with the issuer or related to certain thematic or industry trends.
- **Was the vote communicated to the company ahead of the vote:** This information was not provided by MFS.
- **Next steps:** MFS will continue to engage with the company and monitor progress.

### 3.4 TwentyFour Enhanced Income ABS Fund engagement

#### Summary of engagements:

Theme	Count
Environmental	18
Social	13
Governance	12
Borrower meetings	187

Note: TwentyFour was not able to provide data for the Scheme Year to 5 April 2025. As such, data shown is for the year to 31 March 2025.

#### Examples of engagement:

#### Principality Building Society, Q2 2024 – climate change engagement

- **Issue:** Following the launch of the company's residential mortgage-backed security (RMBS) transaction, TwentyFour noticed a lack of EPC data. Although the company had committed to Net Zero targets for Scope 3, it had left out 'Financed emissions' from its published data. TwentyFour had a meeting with the company's ESG team to address these issues and seek clarity on its ESG strategy.

- **Response:** Since the previous transaction, the company had improved the EPC coverage significantly (from 46% to 79%) and was still mapping the remaining part of the portfolio. In addition, Principality was also on course to meet its target to finance new homes with EPC of B or above. Regarding net zero, the company explained that, although it would like to set a target for the decarbonisation of its mortgage book, it didn't believe it was possible to set a meaningful target until there was more certainty over the Government's policy and investment plans in relation to achieving its net zero commitment under the Paris Agreement.
- **Action:** TwentyFour believed this to be a sensible approach, and valued the effort and ambitious targets the company had set internally on EPC ratings. TwentyFour was happy with the company's level of engagement and will continue to monitor progress.

### **Santander, Q2 2024 – social engagement**

- **Issue:** Following performance deterioration in the company's previous SC Germany Consumer (SCGC) deals, TwentyFour was looking to gain some clarity on how the company had tightened its underwriting standards, and how it was looking to support borrowers through cost-of-living pressures.
- **Response:** Following cost of living pressures and inflation throughout 2022 and 2023, performance deteriorated significantly across all of the SCGC shelves, and in line with global financial crisis levels. Santander realised its models were not fast enough at reacting to the changes in consumer behaviour, and began developing a new scorecard for its borrowers, with significant changes. To better assess the affordability of its borrowers, Santander changed the weightings of the risk factors, making indebtedness a larger driver. It also made changes to affordability to make sure the borrowers can meet payments, by changing the inflation calculation from an average of real 12-month inflation, to a forward-looking calculation (14% increase on affordability stress). These changes impacted the % of approvals, meaning those who were considered as "green cases" dropped from 70% in 2019 to 40% in 2023. The company expects performance to normalise following this.
- **Action:** TwentyFour was happy with the company's responses, which were a clear sign they had reacted to what had happened. TwentyFour was comfortable to continue investing and will continue to monitor performance closely.

### **Stellantis Financial Services España, E.F.C., S.A, Q4 2024 – environmental engagement**

- **Issue:** At the end of October 2024, Eastern Spain suffered catastrophic flash floods, which were particularly serious in Valencia. Given the severity of flooding, TwentyFour considered its impact on Spanish Auto Asset Backed Securities (ABS) from physical damage of the vehicles and the potential increase in arrears, especially in transactions with large exposure to Valencia. In early November, TwentyFour engaged with the Head of Financial Services at Stellantis, the servicer of Auto ABS Spanish Loans 2024-1, a transaction backed by a pool of EUR 600 million auto loans to Spanish borrowers, in order to understand the company's strategy to assist the affected borrowers.
- **Response:** TwentyFour was informed by Stellantis that the company would be managing arrears in line with the Spanish government's measures. The measures included 3-month forbearance on interest and principal and an additional 9-month forbearance on principal repayment. Stellantis indicated that the volume of forbearance request was still relatively small. Additionally, TwentyFour had clarification that the borrowers would be indemnified under the government's catastrophic risk insurance scheme, which the borrowers could use to make payments under the auto loans.
- **Action:** While the transaction's exposure to Valencia and other most affected areas was limited, and TwentyFour assessed that material deterioration in performance was not expected, TwentyFour had nonetheless reduced its exposure to limit the potential impact of volatility, particularly in high-yield Spanish auto ABS bonds.