Appendix 2 – Engagement Policy Implementation Statement for the year ending 5 April 2023

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 2023. 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 Trustee 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 cost and performance of the Scheme's asset management services are assessed through ClearGlass reports and Buck's monitoring reports which are received on an annual and a quarterly basis, respectively. Buck's monitoring reports also outline the inception date for each fund.

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
MSIM	Yes	Yes
Park Square	Yes	No
Barings	Yes	Yes
TwentyFour	Yes	Yes
LGIM	Yes	Yes
Insight	Yes	Yes

Appendix 2 – Engagement Policy Implementation Statement for the year ending 5 April 2023 (continued)

Stewardship - monitoring and engagement (continued)

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:

	MFS Global Equity	LGIM Absolute Return Bond
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.	
Number of companies engaged with over the year	22	69
Number of engagements over the year	27	133

Engagement	TwentyFour Sustainable Short Term Bond Income	TwentyFour Sustainable Enhanced Income ABS
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Engagement definition	For their investment grade credit funds, TwentyFour count engagements which are significant discussions on a specific topic. For funds including high yield and ABS TwentyFour currently also include engagements to gather missing data or challenge data as engagements as within those universes, the data availability through 3rd party databases is still very low.	
Number of companies engaged with over the year	-80	-100
Number of engagements over the year	87	134

Appendix 2 – Engagement Policy Implementation Statement for the year ending 5 April 2023 (continued)

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 managers (for mandates that contain public equities) is as follows:

Voting behaviour	**MFS Global Equity**
Period	01/04/2022-31/03/2023
Number of meetings eligible to vote at	86
Number of resolutions eligible to vote on	1,348
Proportion of votes cast	99.9%
Proportion of votes for management	94.2%
Proportion of votes against management	5.0%
Proportion of resolutions abstained from voting on	0.1%

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 reviewed the managers' environmental, social and governance policies and their voting and engagement activities in September 2022. 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 recognises that engagement and voting policies, practices and reporting, will continue to evolve over time and intend to review the way in which they monitor and engage with their investment managers over the next year.

Appendix 3 – Links to Engagement Policies

Links to the engagement policies for each of 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
Morgan Stanley Investment Management	https://www.morganstanley.com/im/publication/msinvf/material/engagementpolicy_msinvf_msfundsuk_globalsustain_en.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.barings.com/en-gb/institutional/esg/esg-in-investing
TwentyFour Asset Management	https://www.twentyfouram.com/engagement-at-twentyfour
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf
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 each of the funds containing public equities is shown below:

MFS Global Equity	Vote 1	Vote 2	Vote 3
Company name	Honeywell International Inc.	The Goldman Sachs Group, Inc.	United Parcel Service, Inc.
Date of Vote	25/04/2022	28/04/2022	05/05/2022
Approximate size of fund’s holding as at the date of the vote (as % of portfolio)	2.0%	1.7%	1.0%
Summary of the resolution	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Report on Lobbying Payments and Policy
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 our vote at a shareholder meeting, we may not disclose our final vote decisions that are considered on a case-by-case basis prior to the meeting.		
Rationale for the voting decision	MFS generally supports proposals requesting the right for shareholders who hold at least 10% of an issuer's outstanding stock to call a special meeting.	MFS generally supports proposals requesting the right for shareholders who hold at least 10% of an issuer's outstanding stock to call a special meeting.	MFS voted in favor of the proposal as we believe shareholders would benefit from additional disclosures regarding the company's political contributions and lobbying activity.
Outcome of the vote	38.9%	39.3%	29.2%
Implications of the outcome	We believe this level of support indicates a fair level of shareholder concern. We hope to see a robust response from the issuer, as well as engagement efforts to address shareholders' concerns.	We believe this level of support indicates a fair level of shareholder concern. We hope to see a robust response from the issuer, as well as engagement efforts to address shareholders' concerns.	Understanding the initiatives that the company supports through its lobbying activity and trade association memberships allows us as shareholders to better gauge how the company views and manages the potential risks associated with its direct and indirect lobbying activities and expenditures.
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 a company for the funds containing public equities or bonds as at 31 March 2023 (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	The factors that we assess and engage upon for a given company will vary over time and by industry. In general, our approach to engagement is centered around two aims, and in many cases overlap: 1. Knowledge exchange/monitoring — We seek engagement opportunities to improve our understanding of investee companies, which enhances our investment decisions. By engaging with a company to achieve specific goals, we are improving our understanding of the material ESG risks it faces, and also have the opportunity to share our own values and broader expectations. 2. Engagement with focus on real-world change — When necessary, we seek to challenge issuers’ behavior in relation to ESG considerations. We generally approach these engagements by setting specific objectives over the course of a specified time frame with the goal of influencing change in the real economy. We believe this engagement illustrates our involvement with Climate Action 100+ Rolls Royce engagement group. The objective is to focus on the company’s efforts to reduce the climate impacts of air travel, with a particular focus on sustainable	The factors that we assess and engage upon for a given company will vary over time and by industry. In general, our approach to engagement is centered around two aims, and in many cases overlap: 1. Knowledge exchange/monitoring — We seek engagement opportunities to improve our understanding of investee companies, which enhances our investment decisions. By engaging with a company to achieve specific goals, we are improving our understanding of the material ESG risks it faces, and also have the opportunity to share our own values and broader expectations. 2. Engagement with focus on real-world change — When necessary, we seek to challenge issuers’ behavior in relation to ESG considerations. We generally approach these engagements by setting specific objectives over the course of a specified time frame with the goal of influencing change in the real economy. This engagement illustrates a key area of focus on board diversity and independence.	The factors that we assess and engage upon for a given company will vary over time and by industry. In general, our approach to engagement is centered around two aims, and in many cases overlap: 1. Knowledge exchange/monitoring — We seek engagement opportunities to improve our understanding of investee companies, which enhances our investment decisions. By engaging with a company to achieve specific goals, we are improving our understanding of the material ESG risks it faces, and also have the opportunity to share our own values and broader expectations. 2. Engagement with focus on real-world change — When necessary, we seek to challenge issuers’ behavior in relation to ESG considerations. We generally approach these engagements by setting specific objectives over the course of a specified time frame with the goal of influencing change in the real economy. We engaged with this company to discuss progress of the company's climate transition plan.

	aviation fuels and alternative propulsion technologies (e.g. hydrogen).		
What the investment manager has done	While the engagement described below took place during the one year timeframe to end March 2023, engagement may have been ongoing for a number of years. At a firm level we have open dialogue with companies that are long-term in nature. MFS engaged on a collective basis as part as our membership of the Climate Action 100+ Working group on Rolls Royce. Our 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 facility which will reduce time to energy	While the engagement described below took place during the one year timeframe to end March 2023, engagement may have been ongoing for a number of years. At a firm level we have open dialogue with companies that are long-term in nature. 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. 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	While the engagement described below took place during the one year timeframe to end March 2023, engagement may have been ongoing for a number of years. At a firm level we have open dialogue with companies that are long-term in nature. Meeting date: Multiple Led by: CSO, Stewardship team, portfolio managers, industry analyst. Members of our 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. Our 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, we encouraged Glencore to do more on customer engagement, including supporting the transfer of knowledge on carbon capture from Australia into Asia. We also identified areas where we would like to see

	production and the higher costs associated with traditional reactor construction.	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 and 3. The commitment Danone took is now more complicated and will require precise monitoring. With regard to plastics, the company has released 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.	enhanced disclosure in the future.
Outcomes and next steps	We will continue to keep engaging with the company on these issues.	We will continue to keep engaging with the company on these issues.	Shortly after our engagement with Glencore, we followed up with written correspondence mentioning that we plan to support the vote approving the progress report, despite limited

			implementation progress, and outlining feedback on multiple related topics. We further identified areas where we 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, we 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. We 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 LGIM as a company for the funds containing bonds as at 31 December 2021 (latest available) is shown below:

LGIM - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	BP	McDonalds	Experian
Topic	Climate Transition	Antimicrobial resistance	Financial Inclusion
Rationale	Our work with the Institutional Investor Group on Climate Change (IIGCC) is a crucial part of our approach to climate engagement. IIGCC is a founding partner and steering committee member of Climate Action 100+ (CA100+),	The overuse of antimicrobials (including antibiotics) in human and veterinary medicine, animal agriculture and aquaculture, as well as discharges from pharmaceutical production facilities, is often associated with	Pay equality and fairness has been a priority for LGIM for several years. We ask all companies to help reduce global poverty by paying at least the living wage, or the real living wage for UK based employees.

	a global investor engagement initiative with 671 global investor signatories representing $65 trillion in assets that aims to speak as a united voice to companies about their climate transition plans. We actively support the initiative by sitting on sub-working groups related to European engagement activities and proxy voting standards. We also co-lead several company engagements programmes, including at BP 5* (ESG score: 27; -11) and Fortum 5* (ESG score: 27; -11). UN SDG: 13 - Climate Action	an uncontrolled release and disposal of antimicrobial agents. Put simply, antibiotics end up in our water systems, including our clean water, wastewater, rivers and seas.38 This in turn potentially increases the prevalence of antibiotic-resistant bacteria and genes, leading to higher instances of difficult-to-treat infections. In autumn 2021, LGIM worked again with Investor Action on AMR and wrote to the G7 finance ministers, in response to their Statement on Actions to Support Antibiotic Development. The letter highlighted investors' views on AMR as a financial stability risk. • A member of our team was on the expert committee for the 2021 AMR Benchmark methodology. The benchmark, which was launched in November 2021, evaluates 17 of the world's largest pharmaceutical companies on their progress in the fight against AMR. We participated in a panel discussion on governance and stewardship around AMR. UN SDG 3 - Good Health & Wellbeing	Income inequality is a material ESG theme for LGIM because we believe there is a real opportunity for companies to help employees feel more valued and lead healthier lives if they are paid fairly. These are important steps to help lift lower-paid employees out of in-work poverty. This should ultimately lead to better health, higher levels of productivity and result in a positive effect on communities. Global credit bureau Experian† (ESG score: 69; +9) has an important role to play as a responsible business for the delivery of greater social and financial inclusion. UN SDG 8 - Decent work and economic growth
What the investment manager has done	We engaged with BP's senior executives on six occasions in 2021 as they develop their climate transition strategy to ensure	During 2021, we voted on the issue of AMR. A shareholder proposal was filed at McDonald's† (ESG score: 62; +8) seeking a report on antibiotics	LGIM has engaged with the company on several occasions in 2021 and are pleased to see improvements made to its ESG strategy,

	alignment with Paris goals.	and public health costs at the company. We supported the proposal as we believe the proposed study, with its particular focus on systemic implications, will inform shareholders and other stakeholders on the negative implications of sustained use of antibiotics by the company.	encompassing new targets, greater reporting disclosure around societal and community investment, and an increasing allocation of capital aligned to transforming financial livelihoods.
Outcomes and next steps	Following constructive engagements with the company, we were pleased to learn about the recent strengthening of BP's climate targets, announced in a press release on 8 February 2022, together with the commitment to become a net-zero company by 2050 – an ambition we expect to be shared across the oil and gas sector as we aim to progress towards a low-carbon economy. More broadly, our detailed research on the EU coal phase-out earlier this year reinforced our view that investors should support utility companies in seeking to dispose of difficult-to-close coal operations, but only where the disposal is to socially responsible, well-capitalised buyers, supported and closely supervised by the state. In our engagement with multinational energy provider RWE's senior management, for example, we have called for the company to investigate such a	The hard work is just beginning. LGIM continues to believe that without coordinated action today, AMR may be the next global health event and the financial impact could be significant.	The latter includes the roll-out of Experian Boost, where positive data allows the consumer to improve their credit score, and Experian Go, which is hoped to enable access for more people. The company also launched the United for Financial Health project as part of its social innovation fund to help educate and drive action for those most vulnerable.

	transfer. We think transfers like this could make the remaining transition focused companies more investable for many of our funds and for the market more generally.		

Information on the most significant engagement case studies for TwentyFour Square as a company for the funds containing bonds as at 31 March 2023 (latest available) is shown below:

TwentyFour - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Paragon	Southern Company	Yorkshire Building Society
Topic	Environment - Climate change	Environment - Climate change	Environment - Climate change
Rationale	This was an engagement as part of our Carbon Emissions Engagement Policy. Following the UK Government's proposed regulation for buy-let-let properties to have a minimum EPC rating of C, we reached out to understand Paragon (a sponsor of Residential Mortgage Backed Securities) plans to reach this target. We questioned how much of their £150 million green bond has been allocated to new green financing. Finally, our ESG scoring provider Asset4 by Refinitiv scores Paragon very poorly on innovation – while innovation is a more challenging area for the banking sector, we questioned their progress on green mortgages and other environmental incentive products.	Southern Company has the highest carbon intensity in our credit portfolios and higher than its European peers, so environmental improvement is very important. We had a call with the firm's investor relations team in Q4 22 to understand its emissions reduction and net zero plans, and its timelines for exiting coal and full Scope 3 emissions disclosure.	This engagement was conducted in relation to YBS's new 'Brass 11' Residential Mortgage Backed Securities transaction and came under our Carbon Emissions Engagement Policy, since YBS is lagging peers with respect to its ESG disclosures. Following the government's proposal for all UK homes to have a minimum EPC rating of C from 2035 (2025 for private landlords), we wanted to understand: the issuer's plans to reach this target, what green products it offers to incentivise homeowner upgrades, when it plans to disclose Scope 3 financed emissions, and any plans to reinforce its net zero commitments through signing up to the Science Based Targets initiative (STBi) or the Net Zero Banking Alliance.

What the investment manager has done	Paragon are currently in discussion with the UK government on how to meet the challenging EPC target. The lender is unable to force landlords to upgrade their properties, but they are actively communicating with their buy-to-let customers on this issue and encouraging action. With the launch of its green mortgage product, which offers reduced rates to new applicants with a property rated C or above, Paragon is aiming to lower the concentration poorly rated properties in its mortgage portfolio. We learned that some £142m of the £150m green bond proceeds have already been invested in eligible green loans – these are mainly in B rated EPC properties, with A rated EPCs still very rare in the UK. Paragon's progress on innovation is not fairly captured in our current ESG score for the bank and we will look to update this, reflecting its green mortgage offering and the extension of its motor finance policy to cover lending on battery electric vehicles.	Regulation differs between the US and Europe, so while the plan is to exit coal as soon as possible, local commissions have the final say and they have pushed back and extended the decommissioning timeline due to the ongoing energy crisis – this is outside the issuer's control. Overall, on coal the desire and the plan is to exit but external factors are hindering this. Southern Company plans to make a more formal net zero commitment in the near future and disclose Scope 3 emissions in 2023. We pushed management to sign up for the SBTi's, however since many environmental decisions are out of their control (such as the closure of their coal plants) they are currently unable to sign up to the SBTi's. Management also highlighted that due to the greater consumption of coal due to the energy crisis, carbon intensity is unlikely to change much over the next 18 months.	We discussed the reporting of Scope 3 emissions and learned that YBS doesn't currently have a plan in place to report these but will consider it in the future, and we reiterated it was very important to us to obtain this data. YBS doesn't have any green products, but it is looking at offering some in the near term, and we highlighted it is lagging peers in this regard. There are now plans to improve the average EPC rating to C on owner occupied mortgages (we asked the issuer to focus on this given it intends to be in line with net zero for Scope 1 & 2 emissions by 2025 and the minimum EPC of C is to be in line with net zero). On the social side, we challenged YBS on its social-labelled securitisation and if it was doing anything differently; the lender has not changed its lending criteria and believe in its social label on the grounds that it targets underserved borrowers (i.e. self-employed borrowers who wouldn't be accepted by high street banks) and provides affordable housing. YBS doesn't have specific targets to increase social lending as a proportion of its total origination, since this is already part of what it does, and all the proceeds of Brass 11 have already been

			allocated for social lending. YBS has significantly grown its ESG team, so we do expect progress on the concerns we highlighted in the near future.
Outcomes and next steps	We will continue to monitor Paragon's progress on EPC ratings across its portfolio and the uptake on its green mortgage product, and we will update the issuer's innovation score to reflect new information.	A satisfactory response. Many factors are unfortunately out of management's control but there is a lot of work ahead to catch up with European peers. We will continue to monitor progress.	There is plenty of scope for improvement, especially regarding net zero and green products. We will continue to monitor progress and follow up in six months.