

Engagement Policy Implementation Statement (“EPIS”)

ArvinMeritor UK Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2025

The purpose of the EPIS is for us, the Trustee of the ArvinMeritor UK Pension Scheme, to explain what we have done during the year ending 31 March 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How 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/or engagement activity, and the activities completed by our managers align with our stewardship expectations.

We delegate the management of some of the Scheme’s assets to Aon Investments Limited (“Aon”). We believe the activities completed by Aon 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. Since the end of the period covered by the report, the Trustee in June 2025 entered into a Bulk Purchase Annuity Policy with Just Retirement Limited on behalf of the Scheme. Together, with a previously purchased Policy, these insure the liabilities of the Scheme.

How voting and engagement policies have been followed

Over the reporting year, the Scheme was invested entirely in pooled funds, and so the responsibility for voting and engagement was delegated to the Scheme's investment managers, which was 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/or 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 Environment, Social and Governance ("ESG") ratings from Aon for the funds the Scheme is invested in where available. The ESG rating system is for buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments. It's worth noting that each of the underlying funds within the Scheme's fund of fund arrangements are buy rated, but the vehicle itself is not rated.

The Trustee periodically sends its engagement policy to its investment managers and requests confirmation on whether their approach is in alignment with the Trustee's policies.

The Scheme's stewardship policy can be found in the SIP:
<https://pensioninformation.aon.com/arvinmeritor/documents.aspx>

Aon Investment Limited's engagement activity

Over the reporting period, some of the Scheme's Assets were invested in Aon's Active Global Fixed Income and Diversified Liquid Credit Strategies. These are fund of funds arrangements, where Aon selects the underlying investment managers on our behalf.

Whilst invested, we delegated 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,

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

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.

Aon has a net zero commitment to deliver UK delegated investment portfolios and default strategies which have a net zero carbon emissions profile by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution strategies (relative to a baseline year of 2019).

Our manager's 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 manager to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for the Scheme's material fund with voting rights for the year to 31 March 2025.

Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Walter Scott - Global Equity Fund	745	100.0%	4.6%	0.0%

Source: Investment manager. 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 manager uses proxy voting advisers.

Manager	Description of use of proxy voting adviser(s) (in the manager's own words)
Walter Scott & Partners Limited ("Walter Scott")	Walter Scott receives third party research from Institutional Shareholder Services ("ISS") for information purposes. However, the recommendations from any intermediary have no bearing on how Walter Scott votes.

Source: Investment manager

Significant voting example

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what it considers to be the most significant votes in relation to the Scheme's fund. An example of a significant vote can be found in the appendix.

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.

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	
In AIL's Diversified Liquid Strategy			
Aegon Asset Management ("Aegon") - European Asset Backed Securities ("ABS") Fund	115	422	Environment - Climate Change Social - Human and Labour Rights; Public Health Governance - Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting) Other - General Disclosure
AXA Investment Managers ("AXA") - Carbon Transition Global Short Duration Bond Fund	58	550	Environment - Climate Change; Natural Resource Use/Impact Social - Human Capital Management Governance - Board Effectiveness - Independence/Oversight; Remuneration
In AIL's Active Global Fixed Income Strategy			
M&G - Sustainable Total Return Credit Investment ("STRCI") Fund	12	406	Environment - Net Zero/Decarbonisation; CA 100+ Engagements; Climate Change; Nature & Biodiversity Social - Diversity & Inclusion
BlackRock - UK Property Fund	<i>Not provided</i>	3,384	Environment* - Climate Risk Management; Other Company Impacts on the Environment Social* - Human Capital Management; Social Risks and Opportunities Governance* - Remuneration; Corporate Strategy; Business Oversight/Risk Management; Board Composition and Effectiveness
Walter Scott - Global Equity Fund	5	30	Environment - Climate Change Governance - Shareholder Rights; Board Effectiveness - Independence/Oversight; Remuneration

Source: Investment managers. *BlackRock did not provide fund level themes; themes provided are at a firm-level.

Data limitations

At the time of writing, BlackRock did not provide the requested data in relation to its UK Property Fund and stated that ESG reports are not available for property funds.

This report does not include commentary on certain asset classes such as liability driven investments and 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 Example

In the table below is an example of a significant vote as provided by the Scheme's investment manager, in its own words. We consider a significant vote to be one which the manager considers significant. The Manager uses a

wide variety of criteria to determine what they consider a significant vote, one of which is outlined in the example below, in the manager's own words:

Walter Scott - Global Equity Fund	Company name	LVMH Moet Hennessy Louis Vuitton SE
	Date of vote	18 April 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.5
	Summary of the resolution	Approve Remuneration Policy of Chairman and CEO
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes, informed the company of voting intentions and rationale via email
	Rationale for the voting decision	Compensation and stock option plans - Structure and disclosure
	Outcome of the vote	Pass (81.1% vote for)
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	All significant votes are reviewed and approved by the Proxy Voting and Engagement Group. Any potential learnings from our significant votes are then taken into account for periodic reviews of our Proxy Voting Policy.
	On which criteria have you assessed this vote to be most significant?	Vote against management

Source: Investment manager