

Engagement Policy Implementation Statement (“EPIS”)

BMW (GB) Limited Employee Benefits Plan (the “Plan”)

Plan Year End – 31 December 2023

The purpose of the EPIS is for us, the Trustee of the BMW (GB) Limited Employee Benefits Plan, to explain what we have done during the year ending 31 December 2023 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 Plan’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 Plan’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, and our voting policy has been implemented effectively in practice.

Insight did not provide us with complete information on their engagement activity. We will continue to engage with the Manager to encourage improvements in their reporting.

How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most of the investment managers were able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). Aon's reporting includes Environmental, Social and Governance aspects ("ESG") covering buy-rated investment strategies and is designed to assess whether investment managers integrate responsible investment and ESG considerations into their investment decision-making process. Ratings are updated quarterly to reflect any changes in the level of ESG integration or broader responsible investment developments.

The Plan's stewardship policy can be found in the SIP:
<https://pensioninformation.aon.com/bmwschemes/documents2.aspx>

The SIP demonstrates that,

- We recognise the importance of our role as a steward of capital and need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as this ultimately creates long-term financial value for the Plan and its beneficiaries.
- We regularly review the suitability of the Plan's appointed asset managers and take advice from our investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.
- We will engage with our investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of its active ownership policies, is being actioned.

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. Insight did not provide fund level engagement themes for the Global ABS Fund. The manager has stated that they currently do not track this data for its ABS Fund. We (supported by our investment adviser) will engage with Insight to encourage improvements in its reporting and get a better understanding of its engagement practices.

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 ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our fiduciary manager's engagement activity

During the year we held some of the Plan's assets in Aon's Global Equity strategy and fully redeemed this investment in June 2023. This is a fund of funds arrangement, where Aon selects the underlying investment managers on our behalf. We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity, and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

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

During 2023, Aon continued to work to implement its commitment to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the UK Stewardship Code (the Code), which is a voluntary code established by the Financial Reporting Council (FRC) that sets high standards on stewardship for asset owners, investment managers and service providers.

Our underlying equity managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares.

Voting statistics

The table below shows the voting statistics for each of the Plan's material funds with voting rights for the year to 31 December 2023.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
GQG - Global Equity Fund*	775	95.4%	16.2%	1.6%
Harris - Global All Cap Equity Fund*	739	100.0%	1.2%	0.0%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote. GQG considers an 'abstain' vote as a 'vote against management'. To avoid double counting of votes, Aon adjusted the '% of votes against management' for GQG by subtracting the '% votes abstained from'. This was also done to ensure consistency of data received from the other investment managers.

* Examples of material underlying investments within Aon's Global Equity Strategy.

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 Plan's managers use proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
GQG Partners*	To augment our independent research, we use Institutional Shareholder Services Inc. ("ISS") as an additional source of information to guide our voting. While we find ourselves voting with ISS on the majority of issues, we do not blindly follow their lead and will vote against their recommendations when we deem it necessary.
Harris Associates L.P.*	We use our own Harris policy that ISS implements on our behalf.

Source: Managers.

* Examples of material underlying investments within Aon's Global Equity Strategy.

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's material investment managers to provide a selection of what they consider to be the most significant votes in relation to the Plan's funds. A sample of these significant votes 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 Plan'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 Plan.

Funds	Number of engagements		Themes engaged on at a fund/ firm level
	Fund level	Firm level	
GQG - Global Equity Fund*	36	68	Environment - Climate Change; Natural Resource Use/Impact Social - Human Capital Management; Conduct, Culture and Ethics Strategy, Financial & Reporting - Risk Management
Harris - Global All Cap Equity Fund*	Not provided	Not provided	Not provided
Insight - Global Asset Backed Securities (ABS) Fund	80	2,521	Environment**- Climate Change Strategy, Financial & Reporting**- Strategy/Purpose; Financial Performance; Reporting; Capital Allocation
Insight - UK Corporate Bonds	112	2,521	Environment - Climate Change Strategy, Financial & Reporting - Strategy/Purpose; Financial Performance; Capital Allocation; Reporting
Schroders - Securitised Credit LIBOR Fund	Not provided	6,724	Environment**- Decarbonising; Deforestation; Climate Risk, Oversight Governance**- Boards and Management; Corporate Culture

Source: Managers.

* Examples of material underlying investments within Aon's Global Equity Strategy.

**Insight and Schroders provided themes at a firm-level i.e., they are not specific to the funds the Plan is invested in.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Harris did not provide the engagement data requested. The manager has stated that they do not currently track this metric. As we are no longer invested with this manager, no further action will be taken.
- Insight did not provide fund level engagement themes for the Global ABS Fund. The manager said that they currently do not track this data for the ABS Fund.
- Schroder Investment Management ("Schroders") did not provide the engagement information requested for our investment in the Securitised Credit Fund. However, this is driven by of the types of investments made within the Fund. The manager was able to provide examples of engagement being undertaken at the firm level. Given this, we do not have any concerns in relation to Schroders and will not be undertaking any further engagement with the manager, beyond that which is done through the usual course of monitoring of stewardship and engagement.

This report does not include commentary on the Plan's liability driven investments or cash because of the limited materiality of stewardship to these

asset classes. Further, this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Plan’s assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Plan’s managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below in the investment managers’ own words:

GQG - Global Equity Fund	Company name	Eli Lilly and Company	
	Date of vote	1 May 2023	
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided	
	Summary of the resolution	Report on Lobbying Payments and Policy	
	How you voted?	Votes supporting resolution	
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Not provided	
	Rationale for the voting decision	A vote for this proposal is warranted, as 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.	
	Outcome of the vote	Not provided	
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Not provided	
	On which criteria have you assessed this vote to be most significant?	Not provided	
	Harris - Global All Cap Equity Fund	Company name	Alphabet Inc.
		Date of vote	2 June 2023
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)		4.6	
Summary of the resolution		Approve Recapitalization Plan for all Stock to Have One-vote per Share	
How you voted?		Votes supporting resolution	
Where you voted against management, did you communicate your intent to the company ahead of the vote?		No	
Rationale for the voting decision		We support the declassification of Alphabet shares as being in the interests of minority shareholders	
Outcome of the vote		Fail	
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?		We will continue our policy of generally supporting the elimination of multiple share classes	
On which criteria have you assessed this vote to be most significant?		Not provided	

Source: Managers.