

Engagement Policy Implementation Statement (“EPIS”)

BMW (UK) Operations Pension Scheme (the “Scheme”)

Scheme Year End – 31 December 2024

The purpose of the EPIS is for us, the Trustee of the BMW (UK) Operations Pension Scheme, to explain what we have done during the year ending 31 December 2024 to meet 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 adequate evidence of engagement activity, and the activities completed by our managers align with our stewardship expectations. The Scheme does not invest in equities and so does not have any voting responsibilities.

Some investment managers did not provide us with all the stewardship information requested. We will engage with these managers to encourage improvements in their reporting, as set out in our Engagement Action Plan.

How voting and engagement policies have been followed

The Scheme's responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with the policies set out in our SIP and the Trustee's expectations regarding the stewardship activity of the investment managers. We reviewed the stewardship activity of the investment managers of our largest holdings over the Scheme year. In our view, most of the investment managers were able to disclose adequate evidence of 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.

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.

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"). Aon's reporting includes Environmental, Social and Governance ("ESG") ratings covering buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their decision-making process. Ratings are updated quarterly to reflect any changes in the level of ESG integration or broader responsible investment developments.

We aim to perform a detailed review of each of the Scheme's investment managers, at least once every three years. As part of this, we review the integration of ESG in the investment process and assess the fund's carbon metrics (where data permits).

During the year, once again we published the Scheme's climate change report in line with the Taskforce on Climate-Related Disclosure ("TCFD") recommendations for the year ended 31 December 2023. Building on the prior year's TCFD report, the report now explains the further actions that the Trustee has undertaken. We believe we have continued to make strong progress against this initiative, and we will continue to build on these foundations in moving towards our long-term climate goals. We will produce this report on an annual basis, and this will be published online within seven months of the Scheme year end. The report can be found here:

<https://pensioninformation.aon.com/bmwschemes/documents.aspx>

Each year as part of the preparation of this statement, we review the engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

There were no assets with voting rights held during the year.

The Scheme's stewardship policy can be found in the SIP:

<https://pensioninformation.aon.com/bmwschemes/documents.aspx>

The SIP demonstrates that,

- We recognise the importance of our role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in

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

which the Scheme invests, as this ultimately creates long-term financial value for the Scheme and its beneficiaries.

- We regularly review the suitability of the Scheme's appointed asset managers and take advice from our investment consultant with regards to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. Where this is delegated to our investment managers, we accept responsibility for how the managers steward assets on our behalf.
- We will engage with our investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of our active ownership policies, are 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. Global Infrastructure Partners, ICG and Macquarie Group provided insufficient engagement information requested both at the firm-level and fund-level. We will engage with these managers to encourage improvements in their reporting and get a better understanding of their engagement practices.
2. As part of every manager selection, we actively review the managers ESG credentials and assess how the fund actively seeks to reduce its carbon exposure. In addition, the manager's ESG credentials are actively considered to ensure they are aligned with the Scheme's policies.

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 investment 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/firm level
	Fund level	Firm level	
BentallGreenOak UK Secured Lending Fund III	19	<i>Not provided</i>	Environment - Climate Change; Natural Resource Use/Impact Social - Human Capital Management; Human and Labour Rights Strategy, Financial & Reporting - Risk Management
BlackRock Absolute Return Bond Fund ¹ ("BARBF")	191	3,384	Environment - Climate Risk Management; Biodiversity Social - Human Capital Management; Social Risks and Opportunities Governance - Corporate Strategy; Board Composition and Effectiveness; Remuneration
CBRE Global Investment Partners Segregated Multi-Manager Mandates	47	<i>Not provided</i>	Environment - Climate Change; Data Collection; GRESB Participation; Green Leases Social - Community Engagements; Health and Safety
Chorus Capital Credit Fund IV ¹	<i>Not provided</i>	17	Environment - Climate Change; Natural Resource Use/Impact Social - Conduct, Culture and Ethics; Human and Labour Rights Governance - Board Effectiveness - Independence/Oversight; Leadership - Chair/CEO
Global Infrastructure Partners III			<i>Not provided</i>
GSAM Global Credit	220	2,004	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights; Human Capital Management Governance - Remuneration; Board Effectiveness - Other; Shareholder Rights Strategy, Financial & Reporting - Capital Allocation
ICG Longbow UK Real Estate Debt Investment V			<i>Not provided</i>
ICG Senior Debt Partners 3			<i>Not provided</i>
Insight Global Asset Backed Securities ("ABS") Fund	40	1,922	Environment - Climate Change; Natural Resource Use/Impact; Pollution/Waste Social - Human Capital Management Governance - Remuneration Other - Impact Bond Sustainability; Green Bond
Insight UK Corporate Bonds	98	1,922	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board Effectiveness - Independence/Oversight; Shareholder Rights; Remuneration Strategy, Financial & Reporting - Strategy/Purpose; Financial Performance; Capital Allocation

LGIM Property Segregated Funds ¹	0	4,399	Environment – Climate Change; Deforestation Social - Human Rights; Diversity Governance - Capital Management; Remuneration Other - Corporate Strategy
Macquarie European Infrastructure Fund 5			<i>Not provided</i>
PIMCO Global Investment Grade Credit	570	>1,517	Environment - Climate Change; Natural Resource Use/Impact Social - Conduct, Culture and Ethics; Human and Labour Rights Governance - Board, Management & Ownership Strategy, Financial & Reporting - Capital Allocation; Financial Performance; Strategy/Purpose Other - ESG Bonds; Product Safety & Quality
PIMCO Low Duration Opportunities	154	>1,517	Environment - Climate Change; Natural Resource Use/Impact Social - Conduct, Culture and Ethics Governance - Board, Management & Ownership Strategy, Financial & Reporting - Capital Allocation; Financial Performance Other - ESG Bonds; Product Safety & Quality
Schroders ISF Securitised Credit ¹	<i>Not Applicable</i>	4,713	Environment - Climate Alignment - Decarbonising and Minimising Emissions; Climate Risk and Oversight; Nature-related Risk and Management Social - Customers and Consumers; Workers Governance - Boards and Management; Executive Remuneration Strategy, Financial & Reporting - Purpose, Strategy and Capital Allocation

Source: Investment managers.

¹Themes listed for Chorus, LGIM and Schroders are at a firm-level.

Data limitations

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

- BentallGreenOak, CBRE and LaSalle did not provide number of engagements at firm-level, but did provide detailed case studies which is typical for a property fund manager and thus there is no need for further engagement.
- BlackRock FoHFs does not have investment discretion with respect to the underlying holdings of the hedge fund managers within the portfolio. Therefore, hedge funds is limited with respect to its ability to engage with or influence the underlying companies, governments, or other issuers of securities, given it does not hold direct voting rights for any holdings in the portfolio. The Scheme has since fully redeemed from the Fund.
- Chorus Capital did not provide fund level engagement data for Chorus Capital Credit Fund IV as the fund is no longer in its investment period.
- Global Infrastructure Partners, ICG and Macquarie Group provided insufficient engagement information requested both at the firm-level and fund-level.
- LGIM said there were no engagements recorded for the property fund during the entire calendar year 2024.
- Schroders did not provide fund level engagement data as the manager does not produce an engagement report for the Schroders ISF Securitised Credit fund. The structure of the assets it is invested in differs from that of a going-concern corporation.

This report does not include commentary on the Scheme's liability driven investments/gilts 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 Scheme's assets that are held as AVCs.